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ABSTRACT

This report contains specific recommendations from the Commission on Teacher Salaries and Incentives for the State of Maryland. It is recommended that salary levels for teachers should be comparable to those of other professions and there should be greater equity of salary levels among the 24 jurisdictions in the state. In delineating incentives for attracting and retaining competent people into the teaching profession, it is recommended that state-funded development programs be initiated to enable all school systems to establish an active, high quality, professional growth program geared to the specific needs of their teachers. Recommendations are made for study grants and loans for teacher education and alternate paths to certification. Increased business and community involvement are also recommended. (JD)

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Governor's Commission
on
Teacher Salaries and Incentives

Report to the Governor
George B. Hess, Jr., Chairman
October 1987

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October 5, 1987

The Honorable William Donald Schaefer
Governor
State House
Annapolis, MD 21401

Dear Governor:

It is with pleasure that we transmit to you the Report of the Governor's Commission on Teacher Salaries and Incentives. The recommendations in the report constitute major improvement initiatives. Implementation of the recommendations will, in the Commission's view, significantly elevate the profession of teaching in Maryland and result in the long-range enhancement of the quality of elementary/secondary education for Maryland's youth.

We have recommended salary levels for teachers that are comparable to those of other professions; greater equity of salary levels among the twenty-four jurisdictions; and incentives to attract competent people into the teaching profession and to keep them in the profession. These recommendations need to be carefully examined in respect to their short- and long-range implications.

The future of our State and Nation requires as never before that we educate our children well--and that we educate all of them well. The pivotal force in accomplishing this is an adequate supply of well-trained teachers possessing levels of high morale.

We stand ready to assist you, your staff, and the legislature in the implementation of these recommendations.

Sincerely yours,

GEORGE HESS
Chairman
Governor's Commission on Teacher Salaries
and Incentives

GH:gs
Enclosure

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GOVERNOR'S COMMISSION ON TEACHER SALARIES AND INCENTIVES

Charge to the Commission

The Commission on Teacher Salaries and Incentives was established on November 12, 1986, in accordance with Joint Resolution 11 of the 1986 session of the Maryland General Assembly. The full text of the Governor's letter of appointment to George B. Hess, Jr., Chairman, and Joint Resolution 11 is provided in Appendix A.

The Commission was "requested to examine the relationship between teacher availability and quality and the financial and nonfinancial rewards of teaching, and specifically to examine the following questions:

(1) What salary increases, if any, are necessary to assure the availability of well-qualified teachers for Maryland schools;

(2) What other financial and nonfinancial incentives should be considered to encourage Maryland's teachers to teach in schools that have difficulty attracting outstanding teachers; to evaluate the implementation of mentor teachers' programs; to permit the summer employment of highly able teachers; to conduct in-service programs and develop curriculum; to examine the rewarding of exemplary teaching performance; and to encourage development of other special programs to attract and retain teachers; and

(3) What funding changes, if any, are necessary to ensure that each school system has a well-trained, highly motivated teaching staff."

EXECUTIVE SUMMARY

The Governor's Commission on Teacher Salaries and Incentives sought to enhance the teaching profession in Maryland and focused on the following goals as central to its charge:

Career Equity for Teachers

Average mid-career salaries of teachers lag far behind those of comparable professions. The Commission recommends very strongly that such salary inequities be eliminated and procedures be put into place to prevent their recurrence.

Elimination of Salary Disparities Between Counties

There are significant salary differentials between counties in Maryland. While teacher salaries increased considerably from 1986-87 to 1987-88 for beginning and mid-career teachers, differentials between counties remain large.

The Commission believes that full state funding of all education costs is the only approach that will assure salary equity for teachers and equal opportunity for pupils across the state. However, since the issue was outside its mandate, the Commission recommends that a Joint Resolution be introduced during the 1988 Maryland General Assembly to create a Joint Executive/ Legislative Task Force to study the feasibility of the state fully funding education costs. This Task Force should submit its final recommendations to the Governor by September 1988 for budget considerations prior to the 1989 General Assembly.

The Commission agreed that the greatest disequalizing factor in state aid distribution is the state's payment of retirement and Social Security benefits. Members concluded that at some time in the future, state payment of these fringe benefits should be eliminated and the money saved should be redistributed within the Current Expense Formula.

The Commission also reviewed projections for new dollars needed in FY 1989-1992 to fully fund increases in teacher salaries and benefits to meet a mid-career minimum teacher salary. The Commission concluded that while such a proposal was unaffordable if funded solely by the state, the concept deserves further attention at a future date, possibly with consideration of local and joint funding mechanisms. The Commission believes that it is important to have a minimum salary scale for Maryland teachers as currently listed in the Annotated Code and recommends that Section 6-301 of the Education Article be amended to reflect an adjustment for inflation using the Consumer Price Index (CPI 1967 = 100). The Commission also recommends that the General Assembly periodically review and adjust this statute to keep it current.

In an effort to improve career equity for Maryland's teachers within the present funding formulae and budget constraints, the Commission recommends targeting an additional $20 million in state funds to enhance mid-career salaries in subdivisions with below average wealth per pupil.

The Commission recommends that a simple, effective, local maintenance of effort formula be enacted that LEAs must adopt to qualify for all State Aid

to Education funds. Meanwhile, the Commission supports guarantees that these additional state funds will not replace local appropriations or reduce local efforts, with the dollar level for local appropriations at least equal to the previous fiscal year.

The Commission proposes that targeted aid for salaries be expended according to categories 1 and 2 under Section 5-401(a)(2) in the Education Article of the Annotated Code of Maryland.

Professionalization of Teaching

The Commission recommends additional state aid to less wealthy school systems for enhancing local staff development programs and for providing other opportunities and incentives for teachers. The Commission endorses a three-year phase-in of additional funds as follows: a 0.5 percent add-on to a county's state share of current expenses in FY 1989; a 0.75 percent add-on in FY 1990; and a 1.0 percent add-on in FY 1991.

Although the Commission concluded that selection of the various staff development and teacher incentive programs should be left to local educators, the Commission recommends one condition for receipt of these funds: a structured mentor program must be in place in the local school system pursuant to guidelines to be established by the State Board of Education.

Study Grants/Loans for Teacher Education

Given the predictions about teacher shortages and the low level of funding of current state scholarship programs, the Commission recommends as its highest priority that the state develop a program of new tuition grants/loans for teacher candidates studying in public institutions of higher education in Maryland. The program should be phased in over four years and fund 500 awards in Year 1, 755 in Year 2, 933 in Year 3, and 1,032 in Year 4 at a total four-year cost of $6.5 million. The grants/loans should be extended to all undergraduates and degree holders interested in pursuing teaching as a profession and should be forgiven at the rate of one year of tuition for one year of teaching service in Maryland. The State Scholarship Board should implement the program and determine specific eligibility criteria based on financial need and scholastic ability with priority consideration given to ethnic minority applicants and those wishing to teach in subject areas and geographic regions having critical teacher shortage in Maryland.

The Commission also recommends that the state provide ten competitive grants to Maryland colleges and universities totaling $85,000 to stimulate development of non-traditional programs for teacher certification.

Increased Business and Community Involvement

The Commission recommends that local education agencies work with the business community and other school support groups to implement incentive programs that go beyond those recommended by the Commission. The Commission further recommends that the Maryland State Department of Education establish a clearinghouse and develop a systematic procedure for collecting information from local school systems on teacher incentive programs and disseminating it statewide.

I. INTRODUCTION

The future of our state and our country has always depended upon a well-educated citizenry. The emergence in the last decades of the twentieth century of an intensely competitive international marketplace has transformed this truism into a prescription for economic survival. Education--and not just education for the elite--is the foundation of today's information-based technological world economy.

Maryland public school students have improved their academic performance significantly. Test scores on nationally-normed tests have gone up. On the Scholastic Aptitude Tests (SATs), the average Maryland student score has moved to above the national average. Performance on criterion-referenced Maryland functional tests is improving. Almost 50 percent of the state's high school students attend vocational programs and receive acclaim from employers. Altogether, the achievements of the Maryland public school system are substantial.

Nevertheless, the needs of our educational system and the people who staff it are not being fully met. This can be highlighted rather simply: one in five students in Maryland do not graduate. For some groups in our society the proportion may be as high as one in two. The best and brightest of our citizens rarely enter teaching today, and many of our ablest teachers leave within five to seven years. Those who stay in teaching often feel taken for granted to a point of neglect. There is an urgent need to address these problems.

Numerous national and state studies have focused on the problems of our educational system and teaching profession and suggested ways the teaching profession can be made more attractive and exciting to the people who choose it and more valued by the public at large.

The Governor's Commission on Teacher Salaries and Incentives focused on enhancing the teaching profession in Maryland. To achieve this, raising teacher salaries is imperative. Our society equates social status with wealth; therefore, the differential social value of the profession depends largely on its monetary rewards. Raising the value of the teaching profession in the eyes of society means, at the very least, raising teacher salaries and expanding non-monetary professional satisfactions that are critical in the long run for retaining good teachers.

Teacher salaries are generally low in comparison both to other professions that require comparable academic credentials and to the purchasing power of teachers in the seventies. What is even more important, there are significant salary differentials by geographic area in Maryland. Teachers in the poorer subdivisions receive the lowest salaries.

In an effort to remove salary differentials between counties, in 1964 the Maryland General Assembly mandated that beginning teachers be paid at least $5,100 a year; a teacher with an advanced degree and twelve years of experience could aspire to an annual minimum salary of $8,000.

As shocking as these figures may seem in our present economic context, the fact is that after inflation adjustments are made, teachers in some Maryland jurisdictions are making less today than was mandated in 1964. The erosion of teacher earning power over the past quarter century has placed teachers today in the anomalous position of preparing other people's children to attend colleges to which the teachers cannot afford to send their own children. In some areas, the teacher salary situation is so critical that teachers' children qualify for subsidized school lunches.

In many Maryland subdivisions, teachers cannot coach after-school sports or direct dramatic productions because they have to take paying after-school jobs to support their families.

However, elevating the teaching profession to its deserved social status will take more than increasing salaries through the allocation of more resources and better resource utilization. It will also take more clearly defined standards of teacher evaluation and accountability.

Accountability by the local education agencies is most important to this Commission. Improving the educational opportunities for each student in Maryland's public schools will require both educational and fiscal accountability to help deliver better instruction.

The newly-appointed Governor's Commission on School Performance will devote close attention to issues of educational accountability, including teacher performance evaluation and standards for school accountability. This Commission, therefore, has not devoted as much time as it might have to new accountability systems.

This Commission endorses the concept of intensive training in teacher evaluation for principals and supervisors recommended by the Commission on Quality Teaching. It is vital that administrators become stronger in supporting, motivating, and evaluating teachers, or, if necessary, counseling teachers out of the field.

In terms of fiscal accountability, this Commission recommends specific procedures whenever additional state funding is proposed in this report.

Throughout its deliberations, the Commission has focused on the following goals as central to its charge:

- Career equity for teachers;
- Elimination of salary disparities between counties;
- Professionalization of teaching; and
- Accountability.

A. Historical Background

The concerns that led to the establishment of the Governor's Commission on Teacher Salaries and Incentives have been growing in urgency. The evidence over the last decade is that the teaching profession is becoming increasingly unable to attract new entrants with

the ability and preparation required to educate a changing student body in today's public schools.

1. Commission on Quality Teaching

Efforts to respond to these concerns, at least among policy makers in Maryland, are not new. Early in 1981 the Maryland State Board of Education appointed the Commission on Quality Teaching to consider the issues related to quality teaching within the framework of the following seven areas: early student interest; entry into teacher education; professional education; certification and a certification examination; probationary support and assessment; the experienced teacher; and a teacher reward system.

The Commission on Quality Teaching made fifteen priority recommendations which focused on the following areas:

- Attracting and preparing teachers (scholarship loans for teacher education candidates, admission requirements for entry into teacher education, teacher preparation);
- Developing the new teacher (certification requirements, beginning teacher evaluation, staff development);
- Improving the teaching climate; and
- Rewarding effective teaching (job equivalent salaries, ranks for teachers).

The Commission made additional recommendations on: programs to attract talented high school students into teaching, improved public image, career options, resources for teacher education programs, supervision of field experiences, equity guidelines for preservice and inservice programs, assignment of teachers according to qualifications, intensive training in teacher evaluation for principals and supervisors, state-funded staff development programs, local education agency long-range plan for teacher development, a clearinghouse of staff development resources and services, local professional development advisory councils, mission statements to strengthen higher education support, planned programs for certification counseling service, summer work experience, revocation/suspension of certificates, assistance for teachers who received unsatisfactory evaluations, non-monetary rewards and incentives, teacher shortages, leave policies, compensation for extra duties, compensation for graduate education, and a reward structure for higher education staff development activities.

The Commission's recommendations led to the development of an action plan by the Maryland State Department of Education which spearheaded progress along many points (see Progress Report on the Action Plan for the Recommendations of the Commission on Quality Teaching).

2. Supply and Demand Studies

As a direct result of the Commission on Quality Teaching's recommendation on scholarship loans, the State Board of Education, in

cooperation with the State Scholarship Board, proposed a new scholarship program to encourage individuals to prepare for teaching in areas of shortage in Maryland. The 1984 Maryland General Assembly adopted the program and passed legislation that directs the Maryland State Department of Education (MSDE), in collaboration with the Maryland State Board of Higher Education (SBHE), to conduct an annual teacher supply and demand study to identify teaching fields of critical shortage for use in administering the Teacher Education Tuition Assistance program.

The teacher supply and demand studies have served as the single best source of information on the teacher shortage in Maryland. As this year's study states, "the answer...is neither simple nor absolute...(it) is similar to the parable about the blind man and the elephant or the answer to the question: Is the glass half full or half empty?" (MSDE and SBHE "Teacher Supply and Demand in Maryland 1987-1990," September 1987.)

On the national level, the National Education Association (NEA) sees the glass as half empty. NEA researchers found that 40 percent of the school districts use "emergency" teaching certificates to hire people who have not received formal training as teachers; 39 percent assign teachers to teach outside their major field of preparation; and almost half rely on substitute teachers, teacher aides, and interns to act as classroom teachers. In contrast, a Department of Labor staff economist maintains that "there is no teacher shortage nor is there likely to be one between now and 1995" (Occupational Outlook Quarterly, 1986), and Emily Feistritzer agrees with him (Teacher Education Reports, v. 9, 14, July 16, 1987). Linda Darling-Hammond of the Rand Corporation (Education Week, May 13, 1987), seeking to weigh the situation without being influenced by "the politics of teacher shortage," cites the facts that only 2 percent of teaching vacancies in 1983-84 were left unfilled; 12.4 percent of new hires were uncertified; and most states reported shortages in only science, mathematics, foreign languages, and special education. On the other hand, she notes that on average only 75 percent of those trained to teach enter teaching, and over the next several years the total number of college students will decline as competition among occupations for college graduates will increase, depleting still further the potential reserve pool available to teaching.

The leading causes of a contracting supply of teachers at the national level include: "a low salary as compared with other professions open to new college graduates; a societal lack of respect for the teaching profession; and growing professional opportunities for women and minorities, many of whom formerly chose teaching as a career because opportunities for them in other fields were few." (National School Boards Association, Good Teachers: An Unblinking Look at Supply and Preparedness, 1987, page 8.) Decreasing numbers of new entrants into teaching combined with high attrition rates for beginning and experienced teachers compound the problem quickly, especially in the high demand areas of mathematics, science, and foreign languages (Capper, Joanne, A Study of Certified Teacher Availability in the States, Council of Chief State School Officers, February 1987).

Maryland mirrors the nation. Overall teacher shortages have not yet materialized and perhaps never will, but there are shortages in specific subject and geographic areas. The latest Maryland Supply and Demand Study (1987-1990) projects shortages in five subjects: special education, mathematics, physical sciences (physics, chemistry, earth science, general science), industrial arts, and trades and industry. The study also suggested that "early childhood education and social studies be observed closely in the near future because some imbalances in supply and demand were observed during this year's study." In terms of geographic areas, the study projected continued shortages in Baltimore City and Prince George's County.

The study also deals with two other special issues of interest to Marylanders: (1) the impact of the NTE, the national teacher's examination, on teacher recruitment in general and on minority recruitment in particular; and (2) the age distribution of Maryland's teachers and its consequence in terms of impending teacher retirements. The study recommends "aggressive recruitment of qualified minority candidates to teach in Maryland school systems" and concludes that "according to this year's figures, the Maryland teaching force, as a whole, does not seem to be 'greying' rapidly, but there are certain trends which should be followed carefully."

Additional recommendations of the study include: continued recruitment of nontraditional candidates, the formation of a statewide job bank for teachers, and increased collaboration among local school systems and between them and the Maryland State Department of Education.

3. Maryland State Department of Education Salary Study

In a continuing effort to address the issues of size and quality of the teaching force in Maryland's public schools, the State Superintendent made a proposal in January 1986 to the State Board of Education on Increasing Teacher Salaries and Incentives. The proposal presented a case for restoration of the 1970 purchasing power of teachers as a first step in addressing the impending teacher shortage in Maryland. The proposal noted that "from 1970 to 1985 the purchasing power of beginning teachers dropped so much that an immediate 26 percent raise would be needed just to regain the purchasing power of 1970." During the same time period, "the number of Maryland college degrees granted in education dropped 70 percent. This occurred while 31 percent more degrees were being granted overall. This trend reflects the continued unattractiveness of the teaching profession."

4. Appointment of the Commission on Teacher Salaries and Incentives

The 1986 Maryland General Assembly responded to the national and state reports identifying the need to enhance the status of the teaching profession by passing Joint Resolution 11 requesting the Governor to appoint this Commission.

B. Commission Process

The Commission met for two hours every few weeks from January through September 1987 (a total of twenty-two meetings). The group began by hearing expert testimony from January through April on the cluster of issues that affect the status of the teaching profession. Discussions proceeded during May through August, with a sharpening of focus and setting of priorities. As deliberations progressed toward a consensus, the Commission held four public hearings in various parts of the state. Finally, the Commission spent most of September wrestling with issues of state funding and came to final decisions in early October.

1. Expert Testimony

The Commission received testimony from state and national educational experts on a variety of topics:

. Teacher Supply and Demand	Rochelle Clemson Maryland State Department of Education
. Restructuring the Professional Roles of Teachers and the Organization of Schools	Marc Tucker Carnegie Task Force on Teaching as a Profession
. Bureaucratic Control over Teaching vs. a Professional Model of Control (Who should decide who will teach?)	Arthur E. Wise RAND Center for the Study of the Teaching Profession
. NEA Perspective on Teacher Salaries and Incentives	Mary Futrell National Education Association
. 1982 Commission on Quality Teaching	Herman E. Behling, Jr. Maryland State Department of Education
. Beginning and New Teacher Induction Programs	Robby Champion Maryland State Department of Education
. Minority Recruitment	Freeman Hrabowski University of Maryland, Baltimore County Lucy Hayes Montgomery County Minority Recruitment Team
. Teacher Salaries and Issues of Equalization of State Aid	Joseph Shilling Eastern Shore Consortium of Educators

It is difficult to summarize the whole range of issues and expert opinion presented before the Commission. However, three broad themes were clearly discernible.

First was the lack of career equity. Low teacher salaries affect both the quantity and quality of teachers in Maryland and across the nation. "In absolute terms, teaching has indisputably become a more desirable occupation. Real salaries have increased and working conditions have generally improved. However, in comparative terms, teachers' salaries have lost ground relative to those of other college-educated workers. And many working conditions have not kept pace with the rising expectations engendered by the demands of teaching and by comparisons with other college-educated personnel." (Arthur Wise, Foreword to Who Will Teach, RAND, November 1986.) Teacher salaries and career opportunities must be competitive with other professions.

Second, teacher salaries and working conditions should be similar within the teaching profession in Maryland. Major differentials in salaries between local jurisdictions cannot be justified, because few things affect the quality of education more than the quality of teachers, and low salaries are a serious impediment preventing poor jurisdictions from hiring and retaining good teachers. The idea of statewide minimum salary requirements is not new. Section 6-301 of the Education Article sets out a schedule of minimum teacher salaries by year of teaching and type of certificate. Although the dollar value minimums are sadly out of date, the principle of equalization is embodied in the current laws of Maryland.

Third, more than simple salary increases will be required to enhance the status of the teaching profession. Teachers must be respected and treated as professionals and provided with resources and support to develop and grow within the profession. Incentives should focus on attracting new entrants to the profession and on supporting those who are already in it.

2. Public Hearings

The Commission sought input from the public and representatives of educational organizations before formulating its own recommendations on teacher salaries and other incentives for attracting and retaining quality teachers. Four public hearings were held in different parts of the state: August 5, 1987 in Easton, Talbot County; August 11, 1987 in Hagerstown, Washington County; August 24, 1987 in Brandywine, Prince George's County; and September 1, 1987 in Baltimore City. Representatives of thirty-five educational and other interested organizations and six individuals presented testimony to the Commission.

Though it is impossible to summarize the testimony presented at the public hearings, recurring themes can be stated. First, teacher salaries must be increased across the board and not just for beginning teachers.

Further, any attempt to establish minimum salaries should not interfere with the collective bargaining process. The prerogatives of local control must be respected.

Second, full equalization of state funding should be a priority. While the state seeks to equalize education funding through the current expense formula, state funding of Social Security and retirement benefits works to disequalize.

Third, teachers should be treated as professionals and equal partners with administrators in the decision making at the school level. Teachers need to be freed from non-professional duties through increased use of support staff and increased planning time during the school day. Teachers should have more opportunities to attend professional conferences and pursue advanced study without incurring personal financial costs.

Finally, state scholarship support should be increased to attract new entrants to the teaching profession. Financial aid should be available to freshmen and not be limited to students beginning teacher education major programs in their junior year.

3. The Report of the Commission

In keeping with the recurring themes of the testimony to the Commission and its own deliberations, this final report is organized into separate sections covering teacher salaries and incentives, with relevant appendices, beginning and mid-career levels are displayed.

II. TEACHER SALARIES

The Commission sees raising teacher salaries as imperative. Salary issues and career equity for Maryland's teachers have been central to its deliberations.

A. Career Equity

There are two distinct aspects of career equity: salary comparability with other professions and salary differentials among Maryland counties. Each is discussed separately below.

1. Salary Comparability with Other Professions

Our society equates social status with wealth; therefore, the social value of the profession depends largely on its monetary rewards. Teaching continues to suffer in comparison with other professions that require comparable academic credentials (i.e., a bachelor's degree).

Comparable salary data reviewed by the Commission is provided in Table 1. The 1985-86 and 1986-87 earnings of five comparable professions at the beginning and mid-career levels are displayed. The accompanying chart, based on 1985-87 salaries, highlights the fact that the degree of salary increases for teachers is relatively low compared to the salary progression of other professions.

It must be recognized that salary data for the five occupations cited, i.e., accountant, computer programmer/systems analyst, chemist, engineer, and social worker, represent national, not Maryland, earnings. Ideally, valid salary figures for these comparable occupations should have been obtained through a comprehensive earnings survey of Maryland business, industry, and government. However, time and resource constraints precluded the Commission from conducting such a survey. Instead, Commission staff contacted numerous local and national sources to glean information from secondary sources. Consequently, conclusions based on the specific figures in Table 1 are tenuous at best. These data can, however, be used for a general perspective of the relationship between the beginning and mid-career earnings of teachers versus comparable professions.

The salary figures in Table 1 suggest a significant trend: while beginning teacher salaries in 1986-87 were somewhat better than the median beginning salary among the comparable professions, i.e., $18,600 (weighted average) compared to $18,203, the mid-career salaries for teachers lagged far behind, $28,300 (weighted average) versus $34,633.

The Commission recommends very strongly that such salary inequities between teaching and other careers be eliminated and procedures be put into place to prevent their recurrence.

TABLE 1
Comparable Salary Data

Occupation 1985-86	Beginning Salary 12 Months	Mid-Career Salary 12 Months
Accountant	$21,024	$38,984
Computer Programmer/ Systems Analyst	20,832	34,873
Chemist	22,539	41,220
Engineer	27,866	46,410
Social Worker*	17,000	40,000
1986-87**		
Accountant	21,844	40,504
Computer Programmer/ Systems Analyst	21,644	36,233
Chemist	23,418	42,828
Engineer	28,953	48,220
Social Worker*	17,663	41,560
COMPARABLE PROFESSIONS		
Median Salary	21,844	41,560
De-annualized Salary (10 month equivalent)	18,203	34,633
MARYLAND TEACHER (1986-87)		
Simple Average	17,800	26,300
Weighted Average	18,600	28,300

* National Association of Social Workers. These salaries appear high because they include both public and private sector employment.

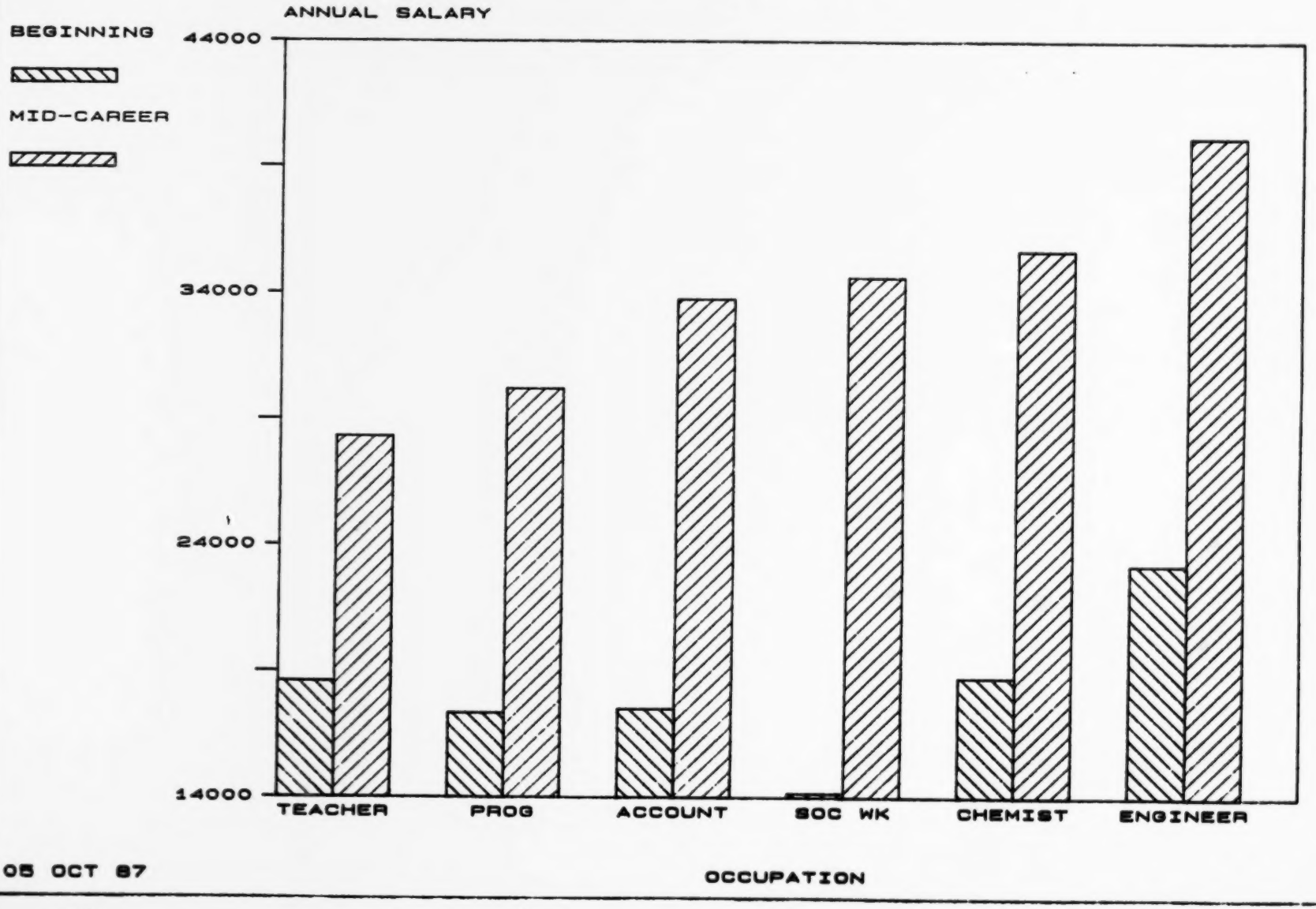
**The 1986-87 figures were derived by increasing 1985-86 by a factor of 3.9 percent. This factor as well as definitions of beginning and mid-career levels, were provided by the Bureau of Labor Statistics.

The simple average takes into account only twenty-four salary levels, whereas the weighted average factors in the actual number of staff at each salary level.

Source: National Survey of Professional, Administrative, Technical, and Clerical Pay, March 1986, U.S. Department of Labor, Bureau of Labor Statistics.

COMPARATIVE SALARY DATA- 1985-87

10 month Equivalent



2. Salary Differentials among Maryland Counties

Teacher salaries for 1986-87 and 1987-88 by local jurisdiction in Maryland are provided in Table 2. Beginning salary levels for teachers with a bachelor's degree are distinguished from mid-career salary levels for teachers with a master's degree who are at the 11th step of the local salary schedule.

There are significant salary differentials between counties. In the 1986-87 school year, the beginning teacher salary in Kent County was $15,441 and $22,000 in Queen Anne's, a difference of $6,559 or a disparity of 1.42 to 1. Similarly, the mid-career salary was $22,000 in Somerset compared to $31,972 in Montgomery, a difference of $9,972 or a disparity of 1.45 to 1. In other words, in 1986-87 an experienced teacher in Somerset County with a master's degree and more than ten years teaching experience was paid the same salary as a beginning teacher in Queen Anne's County with a bachelor's degree and no teaching experience.

While teacher salaries increased considerably from 1986-87 to 1987-88 for both beginning teachers (+9.47%) and mid-career teachers (+6.80%) the differentials among counties remained large.

Salary differentials of such magnitude coupled with teacher mobility pit counties against each other for the recruitment and retention of the most qualified teachers. Competition seems to be the greatest between growing, wealthy, suburban counties and less wealthy urban districts. Also, as some counties on the Eastern Shore have grown in wealth, competition among them has emerged.

3. Factors Affecting Salary Disparities

Spending disparities are partially a function of local ability to raise revenues from local sources. Generally, those counties with the higher wealth per student pay the higher salaries. This is why the Baltimore/Washington metropolitian counties, with the exception of Baltimore City, the poorest jurisdiction, pay the highest salaries. Among the more rural counties, the general rule is that those counties with more wealth pay higher salaries.

Maryland's Current Expense and Compensatory Aid Grants appropriate state general funds to the twenty-four local school systems in an attempt to equalize education spending. The state recognizes that some counties have a lesser ability to raise revenue from local tax bases than other counties. Each formula targets an amount based on enrollment and a fixed per pupil expenditure known as the minimum foundation. A total guaranteed contribution is established by multiplying enrollment times the minimum foundation. A minimum local contribution is established, and the resulting state and local shares are adjusted by wealth. Poorer jurisdictions receive a greater percentage of the state share of the targeted amount than wealthier counties.

TABLE 2
CHANGE IN TEACHERS' SALARIES FROM 1987 TO 1988

LOCAL UNIT	Beginning Salary Bachelor's Degree 1986-87	1987-88	Percent Change	Mid Career Salary Master's Degree-11th Step 1986-87	1987-88	Percent Change
ALLEGANY (7/87-12/87)	15,849	16,641	5.00%	24,932	26,179	5.00%
(1/88-6/88)	15,849	16,958	7.00%	24,932	26,677	7.00%
ANNE ARUNDEL	16,809	18,800	11.84%	28,853	30,295	5.00%
BALTIMORE CITY	17,000	18,000	5.88%	23,398	24,568	5.00%
BALTIMORE (7/87-1/88)	17,500	21,000	20.00%	28,952	28,952	0.00%
(2/88-6/88)	17,500	21,000	20.00%	28,952	30,110	4.00%
CALVERT	20,000	21,400	7.00%	28,509	30,505	7.00%
CAROLINE	17,000	19,000	11.76%	24,342	26,616	9.34%
CARROLL	18,133	20,000	10.30%	26,451	28,567	8.00%
CECIL	17,100	19,450	13.74%	24,640	25,885	5.05%
CHARLES	18,000	19,420	7.89%	27,070	28,850	6.58%
DORCHESTER	17,000	19,010	11.82%	24,500	26,735	9.12%
FREDERICK*	17,850	19,500	9.24%	26,533	28,125	6.00%
GARRETT	15,939	16,895	6.00%	22,826	24,148	5.79%
HARFORD	17,100	19,000	11.11%	26,460	28,048	6.00%
HOWARD	19,100	20,650	8.12%	29,432	31,787	8.00%
KENT	15,441	16,754	8.50%	24,265	26,327	8.50%
MONTGOMERY	19,000	22,000	15.79%	31,972	35,010	9.50%
PRINCE GEORGE'S	19,000	21,000	10.53%	30,028	32,431	8.00%
QUEEN ANNE'S	22,000	23,500	6.82%	28,370	30,260	6.66%
ST. MARY'S	18,000	19,260	7.00%	25,282	27,052	7.00%
SOMERSET	17,000	18,000	5.88%	22,000	23,900	8.64%
TALBOT	17,973	19,950	11.00%	24,757	27,480	11.00%
WASHINGTON	18,000	19,260	7.00%	24,505	26,221	7.00%
WICOMICO	17,500	19,000	8.57%	24,800	26,800	8.06%
WORCESTER	19,284	20,412	5.85%	28,484	29,612	3.96%
AVERAGE PERCENT INCREASE			9.47%			6.80%

*Frederick Co has one scale for new teachers and one for regular teachers; the salaries shown at step 1 are from the new teachers' scale and step 11 is from the regular teachers' scale. Step 11 on the new teachers' scale increased 6.50%.

Although less wealthy counties receive more state aid, there has been little salary disparity reduction for a number of reasons:

a. The Current Expense formula relates to a state per pupil expenditure amount and does not take into account an individual county's past or future expenditure patterns.

b. The state share for the payment of fringe benefits is determined by the number of professional teaching personnel and the level of salaries, both of which are local decisions. This represents nearly 30 percent of all aid.

c. In total, only 59.4 percent of all fiscal year 1988 primary and secondary aid is provided for in an equalized formula. The remainder, over $515 million, is provided for by other means, usually simple eligibility.

d. Increases in local appropriations for current educational expenses have not equaled recent state increases.

e. Counties have chosen between adding staff and keeping salaries constant or increasing salaries and keeping staff constant. Only the fastest growing counties, with increased local effort, have been able to do both.

B. Elimination of Salary Disparities Between Counties

The Commission believes that full state funding of all education costs as outlined below is the only approach that will assure equity and equal opportunity for pupils across the state.

1. Full State Funding of All Education Costs

The Commission considered full state funding for total current educational costs. One method used to calculate the total state dollars needed was based on the assumption of funding for all local school systems at 90 percent of the FY 1986 per pupil expenditure determined to be the highest in the state. That jurisdiction was Montgomery County at $5,430 per pupil with 90 percent being $4,887. Factored out was existing state and federal aid to subdivisions to determine a local expenditure. Also eliminated was the state piggyback income tax, most of which goes for local education. In its place, a hypothetical statewide property tax of $2.00 per $100 of assessed value was used with the rationale that such a tax would be more equitable than locally set piggyback rates.

The results shown in Table 3 indicate that full state funding of total education costs is affordable because revenues from the statewide property tax exceed projected expenditures less state, federal, and piggyback revenues (Column 5 exceeding Column 3). However, not every county's expenditure exceeds their projected property tax revenue. It is assumed that statewide property tax funds would be redistributed.

TABLE 3
Full State Funding of All Education Costs

FULL STATE FUNDING AT 90% OF HIGHEST PER PUPIL EXPENDITURE ($5,430) = $4,887
TAX RATE = $2.00

COUNTY	FULL STATE FUNDING AT HIGHEST PPE = $5,430	90% FULL STATE FUNDING AT HIGHEST PPE = $4,887	90% FSF LESS STATE, FEDERAL & PIGGYBACK REVENUES	PROPERTY TAX EQUIV FY '86	REVENUES FROM STATEWIDE TAX OF $2.00
ALLEGANY	$60,696,340	$54,626,886	$23,933,274	$4.36	$10,982,000
ANNE ARUNDEL	331,930,470	298,737,423	108,337,122	2.18	99,521,640
BALTIMORE CITY	563,845,770	507,461,193	155,940,310	3.30	94,599,720
BALTIMORE	419,071,110	377,163,999	97,985,191	1.26	155,316,220
CALVERT	41,811,000	37,629,900	17,519,767	2.42	14,462,660
CAROLINE	22,447,620	20,202,858	8,341,978	4.50	3,706,460
CARROLL	102,007,980	91,807,182	38,203,983	3.13	24,446,320
CECIL	62,911,980	56,620,782	24,615,777	4.12	11,948,200
CHARLES	87,971,430	79,174,287	31,616,841	3.05	20,736,760
DORCHESTER	25,081,170	22,573,053	8,256,036	3.01	5,488,600
FREDERICK	123,869,160	111,482,244	48,610,820	3.21	30,267,980
GARRETT	27,546,390	24,791,751	10,443,419	3.60	5,803,280
HARFORD	143,520,330	129,168,297	50,867,204	3.26	31,183,160
HOWARD	130,835,850	117,752,265	39,254,345	1.62	48,423,960
KENT	12,402,120	11,161,908	4,038,292	1.91	4,230,520
MONTGOMERY	479,192,070	431,272,863	105,253,472	0.81	260,697,820
PRINCE GEORGE'S	540,773,700	486,696,330	174,007,211	2.40	145,069,160
QUEEN ANNE'S	24,451,290	22,006,161	7,878,209	1.93	8,154,680
ST. MARY'S	56,808,660	51,127,794	18,438,708	2.82	13,059,460
SOMERSET	16,963,320	15,266,988	5,813,603	3.87	3,002,260
TALBOT	19,131,610	17,236,449	6,212,277	1.15	10,850,720
WASHINGTON	90,356,110	81,300,499	32,009,323	3.23	19,817,220
WICOMICO	58,806,900	52,926,210	22,058,948	3.56	12,381,680
WORCESTER	26,416,950	23,775,255	12,293,979	1.10	22,285,320
TOTAL STATE	$3,469,069,530	$3,122,162,577	$1,051,930,089	$1.99	$1,056,446,000

NOTE: All figures are based on FY 1986 actual expenditure and revenue data from the Comptroller's Office, Department of Education and Department of Assessments and Taxation.

PREPARED BY: Department of Fiscal Services, September 1987

The Commission accepts the concept and endorses full state funding for total educational expenses as the only approach which assures complete equity. However, members felt it was not within the mandate of this Commission to recommend such comprehensive changes to state tax policy.

As a result, this Commission recommends that a Joint Resolution be introduced during the 1988 legislative session to create a Joint Executive/Legislative Task Force to study the feasibility of the state fully funding educational costs. This Task Force should submit its final recommendations to the Governor by September 1988 for budget considerations prior to the 1989 General Assembly.

2. Cap on State Payment of Fringe Benefits

The Commission agreed that the greatest disequalizing factor in state aid distribution is the state's payment of retirement and Social Security benefits. Members concluded that, at some time in the future, state payment of these fringe benefits should be eliminated and the money saved be redistributed within the current expense formula.

3. Full State Funding of Salary Increases

The goal of reaching career equity for Maryland's teachers is one of the highest priorities of this Commission. Maryland's teachers need to be remunerated at the same level as professionals in comparable occupations. Differentials between teaching and other occupations are greatest at mid-career levels. Consequently, the Commission decided that a statewide minimum salary level should use the median mid-career salary of comparable professions as a benchmark for equalizing teacher salaries across the counties. The Commission also decided that the state should fully fund these across-the-board teacher salary increases above and beyond projected increases currently mandated by law.

In reviewing the impact of such a proposal, the Commission was cognizant of the objections from local school boards to any changes that would have an adverse effect on local control and the collective bargaining process.

Attempting to determine the fiscal magnitude of this approach, the Commission's staff from the Maryland State Department of Education projected new dollars needed between Fiscal Years 1989 and 1992 to fully fund across-the-board teacher salary increases to meet the proposed statewide mid-career minimum. Table 4 shows the additional general state funds needed to go beyond the projected increases currently mandated by law.

The mid-career benchmark is based on salaries in comparable professions and is established for teachers with ten years experience and a master's degree. Thus, the mid-career benchmark of $34,633 is used for all twenty-four local education agencies (the twenty-three counties and Baltimore City). (See Table 1 for the derivation of the $34,633 figure.)

TABLE 4

New Dollars Needed FY 89-92 to Fully Fund Increases in Teacher Salaries and Benefits to Meet a Proposed Statewide Mid-Career Minimum Teacher Salary*

Local Unit	1988-89	1989-90	1990-91	1991-92
Allegany	6,525,580	6,344,932	6,166,948	5,926,746
Anne Arundel	15,251,285	13,248,912	10,916,713	7,883,170
Baltimore City	58,485,625	52,625,610	47,983,609	41,932,206
Baltimore	30,809,400	30,255,773	29,030,651	27,500,584
Calvert	2,016,531	1,605,804	1,110,744	508,687
Caroline	1,696,258	1,504,630	1,310,692	1,061,157
Carroll	6,299,477	5,462,541	4,463,305	2,952,433
Cecil	5,753,539	5,384,833	4,939,650	4,396,531
Charles	4,221,679	3,245,407	2,068,048	562,531
Dorchester	2,662,401	2,587,301	2,515,945	2,441,642
Frederick	9,226,445	8,214,220	7,023,690	5,563,241
Garrett	2,485,522	2,325,560	2,185,160	2,049,936
Harford	10,636,737	9,500,540	8,148,187	6,355,644
Howard	5,315,984	4,539,122	3,771,679	2,511,329
Kent	1,304,855	1,304,845	1,271,782	1,283,851
Montgomery	13,116,098	13,663,967	12,892,110	10,948,348
Prince George's	16,129,750	14,187,562	11,415,999	7,426,113
Queen Anne's	1,267,803	1,116,503	940,002	717,178
St. Mary's	4,218,074	3,745,521	3,160,425	2,405,122
Somerset	1,959,142	1,816,067	1,727,287	1,619,511
Talbot	1,822,343	1,845,128	1,873,669	1,935,716
Washington	10,525,648	10,456,135	10,126,033	9,700,488
Wicomico	5,264,905	4,823,277	4,294,365	3,172,306
Worcester	2,090,201	2,221,060	2,365,939	2,515,590
TOTAL	219,045,281	202,025,250	181,702,630	153,670,070

Source: Maryland State Department of Education, 9/25/87.

*Over and above currently mandated increases - Civiletti and APEX - that will also kick-in FY 1989-92.

The projections in Table 4 are based on the following assumptions:

a. The reference point for calculating increases for each county is the existing 1986-87 salary schedule.

b. Teacher salaries will continue to increase for the next four years at the most recent three year average--6.4 percent annually.

c. Current staffing ratios will be maintained, therefore state and local fringe benefit payments will continue. Fringe benefits will increase in proportion to salary increases.

d. Existing mandates in the Education Article providing for increases in the Aid to Education program of the state budget (36.01.02) will be adhered to.

e. A total of 60 percent of all expenditures by local education authorities will continue to be used for teacher salaries and benefits.

The Table 4 projections for needed state dollars are based on a calculation of the total salary and fringe benefit requirements minus 60 percent of the anticipated aid from existing mandates. In those years where the amount decreases from the previous year, it is due to a projected increase in state aid from existing mandates.

The total dollars needed to implement a statewide minimum mid-career salary are very substantial. On average, $190 million in additional funds will be needed every year. The dollars required illustrate the magnitude of the problem. Just to fund the Fiscal Year 1989 portion would require a 15 percent increase in state general funds for education during Fiscal Year 1988.

The Commission reviewed the projections and concluded that they were unaffordable if funded solely by the state. The concept deserves further attention at a future date possibly with consideration of local and state joint funding mechanisms.

4. Statutory Salary Schedule

The Commission reviewed the statewide statutory salary schedules. Under state aid to education programs enacted prior to 1969, amounts were calculated based on an allowed number of teachers, mandated minimum teacher salaries, and an allowance for operating costs. A mandated minimum teacher salary scale (updated in 1964 and reenacted as late as 1967) remains on the books. When the basis for state funding became student enrollment driven with a minimum foundation, the minimum salary amounts were rendered irrelevant.

To create a reference point, Commission members requested that the existing mandated minimum teacher salary scale be adjusted for inflation over the past twenty-three years. Table 5 shows the resulting inflated statutory teacher salary schedule. Beginning teachers with no experience would receive $18,041 and mid-career teachers with a master's degree and ten years experience would receive $26,884. The Maryland State Teachers Association reports that thirteen counties are currently paying lower salaries than the adjusted rate of $26,884 to their mid-career teachers. Those counties are Allegany, Baltimore City, Caroline, Dorchester, Frederick, Garrett, Harford, Kent, St. Mary's, Somerset, Talbot, Washington, and Wicomico.

Commission members believe that it is important to have a minimum salary scale listed in the Annotated Code. Further, the Commission recommends that Section 6-301 of the Education Article be amended by substituting the updated minimum teacher salary schedule for the current figures. The Commission also recommends that the General Assembly periodically review and adjust this statute to keep it current.

C. Funding Issues and Options

1. Use of State Funds

State primary/secondary education aid flows through at least twenty different programs. However, six programs--current expense formula, compensatory aid, special education, teachers' retirement, the employers' share of teachers' social security, and student transportation--account for nearly 98 percent of the $1.3 billion in state general funds for education in Fiscal Year 1988 (see Table 6). Five of these six major programs support teacher salaries and benefits. Only pupil transportation does not.

Current Expense and Compensatory Aid, which is the largest share of state funding, has limited restrictions, allowing the local education authorities significant discretion in their use. Overall, local education authorities are using State Current Expense and Compensatory Aid funds primarily for instructional expenses. In Fiscal Year 1986, nearly three-quarters of all education expenditures (totaling over $1.47 billion) from all sources were for instruction--a category which includes salaries and wages.

Legislation enacted by the 1984 General Assembly specified both an increase in pupil funding levels for Fiscal Years 1985 through 19[illegible] and seven classifications within which those increases could be applied. Further, an accountability procedure was established to ensure adequate reporting and compliance. The seven classifications include salary and benefit enhancement, new positions, instructional supplies and equipment, teacher award program, career ladder program, training, and expansion of programs for children with educational deficiencies. As shown in Table 7, 92 percent of additional aid was to be spent on salaries and new positions in FY 1987, and less than 1 percent for teacher incentives and staff training.

TABLE 5

Inflated Value of Statutory Teacher Salary Schedule

(Consumer Price Index [CPI] for 1967 = 100)

	Statutory Value				Inflated Value			
Step	Prov.	Bach.	SPC	APC	Prov.	Bach.	SPC	APC
1	4,500	4,800	5,100		15,918	16,979	18,041	
2	4,700	5,000	5,300		16,626	17,687	18,748	
3	4,900	5,200	5,500		17,333	18,394	19,456	
4	5,100	5,400	5,800	6,000	18,041	19,102	20,517	21,224
5	5,300	5,600	6,100	6,300	18,748	19,809	21,578	22,286
6	5,500	5,800	6,400	6,600	19,456	20,517	22,639	23,347
7	5,700	6,000	6,700	6,900	20,163	21,224	23,701	24,408
8	5,900	6,200	7,000	7,200	20,871	21,932	24,762	25,469
9	6,100	6,400	7,200	7,400	21,578	22,639	25,469	26,177
10	6,300	6,600	7,400	7,600	22,286	23,347	26,177	26,884
11	6,500	6,800	7,400	7,800	22,993	24,054	26,177	27,592
12	6,700	7,000	7,400	8,000	23,701	24,762	26,177	28,299
		CPI	Dec. 64	93.6		CPI	Dec. 86	331.1

Notes: Salary Schedule Categories are as follows:

- Non-degree Provisional Certificate (Prov.)
- Advanced First Grade, First Grade, or Degree Provisional Certificate (Bach.)
- Standard Professional Certificate (SPC)
- Advanced Professional Certificate (APC)

Source: Education Article, Section 6-301; Consumer Price Index Detailed Reports

Prepared by: Department of Fiscal Services
August 19, 1987

TABLE 6
FY 1988 State Aid Primary/Secondary Education

	Aid ($ in millions)	% of Non-Construction Aid
Current Expense Formula	$ 613.1	48.3
Compensatory Aid	49.5	3.9
Special Education	92.4	7.3
Social Security	93.6	7.4
Retirement	281.5	22.1
Transportation	113.4	8.9
Density Aid	2.6	.2
Food Service Aid	6.8	.5
Innovative/Magnet Schools	7.5	.6
Other Categorical	10.0	.8
	$1,270.4	100.0%
Debt Service for School Construction		
Pre-1971 Debt	$ 14.1	
Post-1971 Debt	156.4	
	$1,440.9	

Note: Other categorical include expenditures for extended elementary, gifted and talented, community centers, apprenticeship, disruptive youth, adult education, driver's education, and environmental education programs.

Source: Department of Budget and Fiscal Planning.

TABLE 7
Allocation of Additional Current Expense and Compensatory Aid Subject to Accountability Program

	FY 85 Actual %	FY 86 Actual %	FY 87 Plan %
Salary and Benefit Enhancement	61	71	72
New Positions	22	19	20
Instructional Supplies and Equipment	7	4	3
Teacher Award Program			<1
Career Ladder Program		<1	<1
Training	1	<1	<1
Expansion of Programs for Children with Educational Deficiencies	9	5	4

Source: 1986 Report of the Accountability Task Force, page 7.

These recent reporting statistics show that funding increases in primary/secondary education are directed primarily toward personnel enhancements. There is no evidence to suggest any type of change in the near future.

2. Trends in Teacher Salaries in Maryland

After adjusting for inflation using the Consumer Price Index, average teacher salaries in Maryland increased 18.8 percent between 1980 and 1987. However, that average is influenced largely by increases in the rapidly growing or the larger counties (Queen Anne's, Talbot, Worcester, Howard, Baltimore, and Baltimore City) and by the movement of experienced teachers through the county salary schedules.

Further detail and analysis, as provided in Technical Supplement No. 5: State Aid for Education and Teacher Salaries, 1980-87, show four additional reasons for the increases in average teacher salaries:

a. Salaries have kept up with inflation during periods of relatively low inflation. The analysis does not take into consideration ground lost during the high inflation period of the 1970s.

b. The ability of the counties to raise teacher salaries is dependent on a number of factors, all of which have occurred in the 1980s. These factors include increases in local support; increases in state support; and reductions in instructional staff as a result of enrollment declines. These factors have enabled counties to fund existing salaries without a corresponding increase in revenues. There is no guarantee in the future that all these factors will occur, or occur together.

c. Not all counties have used salary and benefit enhancement funds for existing personnel. Some have added new positions at the expense of salary increments; some have done the opposite. Table 8 shows county salary growth between Fiscal Years 1984-87 in percentage terms. Mid-career salary growth (master's plus ten years) is depicted alongside actual staff growth. The data are ranked by counties with the highest salary growth, highlighting which counties used funds for existing personnel and which counties added personnel.

d. While overall average salaries have gone up, the increases have not been uniform. There has been a dramatic increase in starting salaries, fueling the average salary. However, the mid-career teacher received smaller increases than the average, as shown in Table 9.

3. Proposed Funding Option

The trends in teacher salaries cited in the last section reflect increases in state general funds. During Fiscal Years 1984-88, the state has added over $233 million through the two major-wealth based formulas: Basic Current Expense and Compensatory Aid. These increases have come about in three increments:

TABLE 8
Salary and Staff Growth in Percentage Terms: Fiscal Years 1984-87

County	Salary Growth at Master's--Step 10 %	Staff Growth Actual %
Queen Anne's	41.0	(1.9)
Caroline	31.2	1.8
Worcester	28.8	11.5
Kent	27.0	7.1
Carroll	22.4	5.6
Allegany	21.9	(4.1)
Somerset	21.8	1.3
Garrett	21.4	(3.4)
Washington	21.3	(1.6)
Wicomico	21.2	4.5
Howard	19.9	20.1
Anne Arundel	19.1	2.1
Baltimore City	18.8	(2.3)
Montgomery	18.5	11.4
Calvert	18.5	11.9
Prince George's	18.4	7.8
Cecil	18.1	1.6
Baltimore	18.0	(1.7)
Charles	17.8	3.9
Talbot	17.7	1.6
Harford	16.9	6.9
St. Mary's	16.9	18.0
Dorchester	15.0	12.6
Frederick	15.0	9.4

Salary data are from 1984 and 1987 Salary Schedules of Professional Personnel reports published by the Maryland State Department of Education. Instructional staff differences are computed from data published by the Maryland State Department of Education in Staff Employed at School and Central Office Levels reports.

TABLE 9

PERCENTAGE INCREASES
BEGINNING SALARIES VS. ACTUAL AVERAGE SALARIES VS. MID-CAREER SALARIES
Fiscal Years 1984-87

County	Beginning Salary % Increase	Actual Average Salary % Increase	Mid Career Salary % Increase
ALLEGANY	21.9	16.3	11.8
ANNE ARUNDEL	25.1	9.4	9.2
BALTIMORE CITY	24.1	15.0	8.9
BALTIMORE	24.1	10.2	8.2
CALVERT	37.9	9.5	8.6
CAROLINE	36.2	22.1	20.3
CARROLL	33.4	15.9	12.2
CECIL	20.4	14.4	8.3
CHARLES	26.7	9.8	8.0
DORCHESTER	30.7	18.8	5.4
FREDERICK	25.5	8.4	5.4
GARRETT	23.3	12.3	11.3
HARFORD	23.8	5.1	7.2
HOWARD	32.5	11.3	10.0
KENT	21.2	15.5	16.4
MONTGOMERY	28.2	4.0	8.7
PRINCE GEORGE'S	35.6	9.1	8.6
QUEEN ANNE'S	81.8	46.7	29.3
ST. MARY'S	29.6	7.4	7.2
SOMERSET	42.0	13.1	11.7
TALBOT	31.7	13.4	7.9
WASHINGTON	29.8	13.1	11.3
WICOMICO	30.6	12.9	11.1
WORCESTER	37.0	23.0	18.1
COUNTY AVERAGE	31.3	13.4	10.8

Note: Mid-Career is defined as a Master's Degree at a Step 10

Prepared by the Department of Fiscal Services using data from the State Department of Education Selected Financial Data Reports.

a. The 1984 General Assembly enacted legislation recommended by the Task Force headed by former U.S. Attorney General Benjamin Civiletti. This legislation (popularly referred to as Civiletti 1A) set minimum foundation levels in the law through FY 1992.

b. The 1986 General Assembly enacted legislation increasing the minimum foundation levels by $41. This resulted in $14.2 million in additional aid within the Current Expense Formula.

c. The 1987 General Assembly enacted legislation adding to the minimum foundation and set forth a method to calculate the minimum foundation levels, based on past expenditures, beyond FY 1992. This legislation is popularly referred to as APEX.

The Commission finds that these additional funds are being used in salary categories but for varying purposes, i.e., for beginning salaries, new positions, and across-the-board increases. In general, mid-career salary increases have suffered, particularly when compared with increases in other professions.

In an effort to improve career equity within the present funding formulae and budget constraints, the Commission recommends targeting an additional amount of state funds to enhance mid-career salaries for teachers. This aid would be directed toward subdivisions with below average wealth per pupil.

A program of targeted aid has distinct advantages:

- Targeted aid would ensure that total funding in poorer jurisdictions is not significantly decreased.
- Targeted aid would reduce teacher salary disparities found between counties.
- Targeted aid could increase salary funds for mid-career level teachers particularly in poorer jurisdictions.

While final statewide fiscal revenue projections will not be available until after this report is published, it is possible that a $20 million program could be absorbed within the regular increases of an incremental budget, given all of the other financial commitments of the state.

Distribution of the proposed targeted aid funds is shown in Table 10. The distribution method is as follows: each county's assessed wealth, calculated as required under the Current Expense Formula, is divided by each county's full-time equivalent enrollment figure (FTE) as of September 30 to produce an average wealth per FTE for each county. A county whose wealth per FTE falls below 80 percent of the statewide average is eligible for targeted aid. Amounts are adjusted based on each county's relative difference from the wealth per pupil target.

TABLE 10

TARGETED AID PROGRAM BASED ON COUNTY WEALTH PER PUPIL
$20 MILLION DISTRIBUTED TO COUNTIES WITH WEALTH PER PUPIL LESS THAN
THE STATEWIDE AVERAGE WEALTH PER PUPIL

	WEALTH PER FTE	DIFFERENCE FROM TARGET WEALTH PER FTE	FTE ENROLLMENT (Sept. 1986)	DIFFERENCE TIMES FTE	COUNTY SHARE OF DIFFERENCES	TARGETED AID	TARGETED AID PER FTE
Allegany	99,944	52,289	11,050.50	577,817,312	0.038	768,588	70
Anne Arundel	149,142	3,091	61,497.25	190,079,570	0.013	252,836	4
Baltimore City	91,943	60,290	102,960.25	6,207,480,241	0.413	8,256,924	80
Baltimore	200,368	0	76,446.75	0	0.000	0	0
Calvert	170,887	0	8,051.50	0	0.000	0	0
Caroline	82,043	70,190	4,174.50	293,009,445	0.019	389,749	93
Carroll	114,950	37,283	19,200.50	715,851,548	0.048	952,195	50
Cecil	93,076	59,157	11,603.00	686,398,808	0.046	913,018	79
Charles	113,415	38,818	16,547.75	642,342,578	0.043	854,417	52
Dorchester	107,522	44,711	4,610.00	206,118,077	0.014	274,169	59
Frederick	114,434	37,799	23,572.75	891,021,641	0.059	1,185,199	50
Garrett	91,054	61,179	5,046.50	308,739,961	0.021	410,673	81
Harford	110,705	41,528	26,751.63	1,110,928,767	0.074	1,477,710	55
Howard	179,567	0	24,604.75	0	0.000	0	0
Kent	146,285	5,948	2,253.50	13,403,328	0.001	17,829	8
Montgomery	257,093	0	89,519.75	0	0.000	0	0
Prince George's	139,271	12,962	98,967.50	1,282,794,432	0.085	1,706,318	17
Queen Anne's	143,436	8,797	4,608.50	40,543,047	0.003	53,929	12
St. Mary's	105,298	46,935	10,775.00	505,729,627	0.034	672,700	62
Somerset	81,094	71,139	3,132.00	222,806,405	0.015	296,368	95
Talbot	239,634	0	3,608.00	0	0.000	0	0
Washington	112,389	39,844	16,462.00	655,907,475	0.044	872,460	53
Wicomico	108,140	44,093	10,996.00	484,845,974	0.032	644,921	59
Worcester	321,797	0	4,901.50	0	0.000	0	0
	152,233	736,052	641,341.38	15,035,818,233	1.000	20,000,000	31
Wealth per pupil target		152,233					

Notes: Wealth per FTE based on September 1986 FTE and the wealth base used for the F.Y. 1988 current expense formula. The wealth per FTE of each county eligible for aid is subtracted from the target wealth per pupil amount. Each county's difference is multiplied by the county's enrollment. A county receives a share of the targeted aid equal to its share of the total of county wealth per pupil differences times county enrollments.

Prepared by the Department of Fiscal Services

Under this proposal, eighteen of twenty-four jurisdictions will share in $20 million of aid adjusted by wealth. Twelve of the thirteen counties that currently have mid-career teacher salaries lower than the adjusted minimum statutory salary schedule qualify for additional funds. This is a discrepancy these funds are intended to reduce.

In comparing the funds distributed under this recommendation for salary enhancement to the amounts listed in Table 4, it is clear that this program would represent merely a first step and would not significantly address career salary equity as an objective or substantially reduce the continuing wealth-based disparities between jurisdictions.

The future fiscal impact of the targeted aid for teacher salaries proposed above is provided in Table 11.

4. Qualifications for Receipt of Aid

Commission staff looked at various alternatives to provide a stronger local maintenance of effort thereby assuring that state funds do not replace local funds. In each alternative, between sixteen and twenty-two counties would not qualify for the proposed aid. This is not because the locals are not making the effort. Rather, it is because other variables introduced into the formula, such as wealth or enrollment, alter the formula to such an extent as to render it worthless.

The Commission recommends that a simple, effective, local maintenance of effort formula be enacted that LEAs must adopt to qualify for all state aid to education funds.

In August 1986, the Maryland State Department of Education issued a report to the Joint Chairmen of the General Assembly's Legislative Fiscal Committees detailing eight different measurements for local maintenance of effort (see Technical Supplement No. 5). The Department did not issue a recommendation or a preference stating one method over another. The State Board of Education will review the report and recommend at least one method to the General Assemly for future action. At that time, this Commission will review the Board's recommendation and issue its position in a supplemental report.

Meanwhile, the Commission supports guarantees that these additional state funds will not replace local appropriations or reduce local effort. The Commission further recommends that this funding not be awarded unless the dollar level for local appropriation is at least equal to the previous fiscal year.

The Commission proposes that targeted aid for salaries be expended according to catagories 1 and 2 under Section 5-401 (a) (2) in the Education Article of the Annotated Code of Maryland.

TABLE 11

FUTURE FISCAL IMPACT OF PROPOSED RECOMMENDATION ON TARGETED AID FOR TEACHER SALARIES BY THE GOVERNOR'S COMMISSION ON TEACHER SALARIES AND INCENTIVES.

COUNTY	FISCAL YEAR 1989 SALARY AID	FISCAL YEAR 1990 SALARY AID	FISCAL YEAR 1991 SALARY AID
ALLEGANY	$ 768,588	$846,525	$916,411
ANNE ARUNDEL	252,836	325,141	332,018
BALTIMORE CITY	8,256,924	8,989,440	9,836,920
BALTIMORE	0	0	0
CALVERT	0	0	0
CAROLINE	389,749	411,275	440,214
CARROLL	952,195	1,042,158	1,151,309
CECIL	913,018	932,838	1,004,515
CHARLES	854,417	1,027,362	1,157,432
DORCHESTER	274,169	283,087	299,343
FREDERICK	1,185,199	1,270,535	1,402,934
GARRETT	410,673	434,590	463,871
HARFORD	1,477,710	1,642,939	1,826,248
HOWARD	0	0	0
KENT	17,829	16,416	20,309
MONTGOMERY	0	0	0
PRINCE GEORGE'S	1,706,318	1,640,824	1,639,747
QUEEN ANNE'S	53,929	31,203	22,049
ST. MARY'S	672,700	702,964	761,880
SOMERSET	296,368	327,923	351,053
TALBOT	0	0	0
WASHINGTON	872,460	902,168	996,696
WICOMICO	644,921	748,274	836,393
WORCESTER	0	0	0
TOTAL	$20,000,000	$21,575,662	$23,459,342

Prepared by: Department of Fiscal Services
October 6, 1987

III. TEACHER INCENTIVES

A list of teacher incentives suggested to the Commission during its deliberations is outlined below to illustrate the various of ways of assisting the teaching profession.

Incentives aimed at enhancing the status of the teaching profession:

- Create "conditions under which teachers have the same kind of autonomy in the classroom as other professionals have in their jobs" - Carnegie.
- Provide some freedom to deviate from teaching prescribed curricula and teaching to prepare students for standardized tests - Wise.
- Increase input into educational decisions - Futrell.
- Decentralize educational decision making; schools should be governed by staff at the building site.
- Share decision making with administrators.
- Decrease the time teachers spend in doing non-teaching jobs.
- Redefine the role of the teacher "with emphasis on scholarship and active or practical research related to the teacher's discipline" - Hrabowski.
- Furnish more leadership opportunities in schools and less dependency on outside experts for staff development - Shilling.
- Provide scholarships for advanced degrees.
- Permit release time for mentoring, visiting other schools, attending professional meetings, serving on committees, working on curriculum development, etc.
- Create quality new and beginning teacher induction programs.
- Establish mentor teacher programs.
- Create in each LEA professional development schools where new teachers would be assigned to work.

Incentives aimed at rewarding the exemplary teaching performance of individuals:

- Summer employment of highly able teachers in jobs related to their teaching.
- Appointments to college and university faculties, not just in the evening, but also day programs - Hrabowski.

. Release time for mentoring, action research, serving on committees, working on curriculum development, etc.

. Monetary rewards for individual teachers chosen by high school students as being the 'best' - Brock.

. Rewards for the entire school staff if a school can document improvement under specified criteria and can maintain it for at least a year - Kitchens.

Incentives aimed at recruiting teachers:

. Summer employment of teachers.

. Programs to meet the needs of beginning teachers and experienced teachers new to a system.

. Innovative recruitment strategies: greater visibility and more specific incentives (e.g., a month's free rent; waiver of security deposit; low interest loans; various types of consumer discounts; spouse orientation and help in finding employment for spouse; etc.).

. Minority recruitment; e.g., listed below are the Montgomery County Minority Recruitment Program Objectives:

--Identification of minority students interested in teaching.
--Training programs especially designed to increase the pool of minority teachers, e.g., minority teacher assistants, support (tuition, release time, etc.) to qualify for teaching, and exchange programs with other countries.
--Establishment of broad base of support from staff, community groups, and organizations.
--Examination of internal practices that may have an adverse effect on balanced staffing.

. Payment of out-of-state travel expenses of teacher applicants - Harmon.

. Removal of procedures that teachers view as "disincentives."

Incentives aimed at recruiting students into teaching:

. Scholarships/loans for teacher education.

. Improved supervision of student teacher field experiences.

. Enhanced minority recruitment through work-study programs that are school-based, such as a teacher aide program.

. Special cohort programs for people with similar backgrounds and needs.

. Future Teachers of America (FTA) groups which encourage and support youth by offering service alternatives, such as tutoring children, chaperoning groups, and assisting teachers and a "buddy" system.

. Support for FTA groups through scholarships, mentorships, counseling and guidance, field trips, speaker's bureaus, conferences, and teaching experiences as aides, tutors, and coaches.

The choice of various incentives depends on the specific needs of teachers within a particular jurisdiction. Some local school systems can afford to provide an array of teacher incentives, some cannot. Some ideas would serve useful purposes in a particular situation, some would not.

The Commission deliberated at length on (A.) professionalization of teaching, i.e., incentives to provide resources and support for teachers to grow and develop within their profession; (B.) attracting new entrants into teaching, i.e., grants/loans for teacher education and alternate paths to teacher certification; and (C.) increased business and community involvement in providing additional incentives for teachers.

A. Professionalization of Teaching

The Commission recognized that resources will be needed by school systems to provide the kind of opportunities for professional growth and development endorsed in this report.

Consequently, the Commission's recommendation on state aid to school systems for staff development precedes the section on the professional development programs endorsed by the Commission.

1. Staff Development and Teacher Incentive Aid to School Systems

The Commission on Quality Teaching recommended a state-funded staff development program to enable all school systems to establish an active, high quality, professional growth program geared to the specific needs of their teachers, administrators, and other professional staff. The Commission asked the Maryland State Board of Education to "vigorously seek...funds equal to a one percent add-on to the State Aid Program to be set aside to assist the State Department of Education, local education agencies, and the higher education institutions in conducting effective on-the-job assessment and staff development programs. The principal use of these funds would be to give LEAs additional resources to provide support for the continuing professional development of teachers."

This Commission recommends additional state aid to less wealthy school systems for enhancing local staff development programs and for providing other opportunities and incentives for teachers. The Commission endorses a three-year phase-in of additional funds as follows: a 0.5 percent add-on to a county's state share of Current Expenses in FY 1989; a 0.75 percent add-on in FY 1990; and a 1.0 percent add-on in FY 1991. Distribution of funds to counties under this staff development and teacher incentive aid program is detailed in Table 12.

Although the Commission concluded that selecting the various staff development and teacher incentive programs should be left to local educators, the Commission recommends one condition which must be met before local school systems can have access to program funds: a

TABLE 12

FUTURE FISCAL IMPACT OF PROPOSED RECOMMENDATION ON TARGETED AID FOR STAFF DEVELOPMENT OF TEACHERS BY THE COMMISSION ON TEACHER SALARIES AND INCENTIVES.

COUNTY	FISCAL YEAR 1989 STAFF DEVELOPMENT AID	FISCAL YEAR 1990 STAFF DEVELOPMENT AID	FISCAL YEAR 1991 STAFF DEVELOPMENT AID
ALLEGANY	$74,931	$120,129	$170,842
ANNE ARUNDEL	328,666	535,097	776,244
BALTIMORE CITY	723,503	1,198,017	1,733,802
BALTIMORE	280,041	455,634	668,180
CALVERT	38,545	65,002	97,749
CAROLINE	31,121	50,686	73,075
CARROLL	124,097	203,230	296,921
CECIL	81,331	131,928	190,765
CHARLES	109,273	180,870	267,449
DORCHESTER	30,323	48,213	68,646
FREDERICK	151,962	249,708	365,609
GARRETT	35,535	57,350	81,777
HARFORD	175,979	288,535	421,765
HOWARD	106,214	175,088	254,817
KENT	12,002	19,226	27,885
MONTGOMERY	151,003	234,704	354,136
PRINCE GEORGE'S	553,844	877,441	1,246,975
QUEEN ANNE'S	25,061	40,767	59,083
ST. MARY'S	72,773	119,455	175,104
SOMERSET	23,562	38,756	55,525
TALBOT	8,906	14,675	21,352
WASHINGTON	105,132	167,853	242,026
WICOMICO	73,515	120,479	176,003
WORCESTER	1,479	2,253	3,050
TOTAL	$ 3,318,798	$ 5,395,096	$ 7,819,780

Prepared by: Department of Fiscal Services
October 6, 1987

structured mentor program must be in place in the local school system pursuant to guidelines to be established by the State Board of Education.

2. Professional Development Programs for Teachers

During its deliberations, the Commission also considered four specific incentives for teachers: a mentoring program for new teachers, opportunities to attend professional conferences for all experienced teachers, provisions for intervisitation/special projects for all teachers, and provisions for action research/advanced study for experienced teachers. These programs are outlined below in descending order of Commission priority. They are meant to serve only as examples of the kind of programs the Commission strongly recommends to provide resources and support for professional development and growth of Maryland's teachers. These programs can be modified according to the needs of individual local school systems.

a. Mentoring Program for New Teachers

One of the most critical periods in the development of a teacher is the beginning year. Instead of learning solely through trial-and-error, entering teachers should be guaranteed the assistance of the best role models in the profession. Well-planned, systematic, "at elbow" support based on individual development needs can be provided by assigning trained, outstanding teachers to work daily with new teachers in a guiding, "mentoring" role.

In a statewide mentoring program, the Maryland State Department of Education would train teachers from each school system in the most effective strategies for classroom teaching. These trained teachers would serve as mentors in each school building and train other mentors in their school system during the summer, as well as conduct follow-up sessions in the subsequent fall and spring.

The trained mentor classroom teachers would then work with new teachers in a guiding role: observing their teaching, assisting with planning and evaluating instruction, and providing demonstrations and regular feedback on performance. Intense support would be provided for beginning teachers with no experience, and a lesser amount of support would be given to those with previous experience who are transferring into Maryland or between counties. The program assumes that volunteer clerical aides could be used by school systems to assist mentors as well as beginning and new teachers.

New teachers with no experience and those with some experience would receive mentor support to enhance their development and improve their performance through corrective feedback. In turn, mentoring will provide an important morale boost to experienced teachers who assume the new professional mentor role.

b. Attendance at Professional Conferences for All Experienced Teachers

Teachers rarely have the opportunity to attend professional conferences which would allow them to experience professional stimulation and gain knowledge from national experts in their profession. A host of studies point to teachers' feelings of isolation, lack of professional recognition, and lack of participation in professional decisions. All teachers have needs for professional growth.

A statewide program could be designed to release teachers from school service and provide them with partial financial support to cover conference fees and travel costs. The target group would be teachers with five or more years of experience in a Maryland school system.

c. Intervisitation/Special Projects for All Teachers

Isolation and lack of participation in decision making in the workplace are disincentives for teachers. A statewide intervisitation/special projects program would provide teachers with the opportunity to spend up to two days a year observing other classrooms or working on special projects. Teachers would have an opportunity to learn alternative strategies for dealing with their subject areas and working with students. Substitute teachers would provide coverage for teachers participating in this project.

This program would be available to up to 50 percent of all teachers each year, i.e., 19,700 teachers at present count.

d. Action Research/Advanced Study for Experienced Teachers

Reports of teachers' needs for mid-career stimulation and professional growth and recognition are legion. The teaching career is one which demands renewal and reflection opportunities not now available to teachers.

A modest statewide program could be designed to serve as an incentive for a very small percentage of teachers (2 percent of those with ten or more years of classroom experience). Qualifying teachers could apply for funding to work for (a) one semester or (b) six weeks during the summer on special action research to address a school related problem or on special, advanced study in their content area.

Such a program would recognize excellent teachers by rewarding them for a decade of teaching with self-identified professional growth experiences and thus increase their knowledge and stimulate their enthusiasm.

B. Attracting New Entrants into Teacher Education

A variety of paths to teacher certification are available in the state in order to avoid restricting the pipeline for new teachers and maintain the high standards necessary for quality teaching. One may earn

a certificate by graduating from an "approved" program at one of Maryland's institutions of higher education. These programs are evaluated by teams of educators according to standards developed by the National Association of State Directors of Teacher Education and Certification (NASDTEC). Thirty states are part of NASDTEC's inter-state compact of reciprocity. Thus, candidates for a Maryland certificate who graduate from a NASDTEC approved program in a state which is part of the compact may receive a Maryland certificate automatically. Since July 1987, however, all candidates for teacher certification in Maryland must also meet Maryland's qualifying scores on the NTE, national teachers examination.

In addition to the approved program route to certification, Maryland permits candidates to earn a certificate via "credit count." A credit count applicant submits his/her transcript for review by certification specialists of the Maryland State Department of Education. The applicant is then advised to complete certain coursework in order to qualify for a standard professional certificate in his/her chosen field. This route is frequently used by college graduates in the liberal arts who make a subsequent decision to become classroom teachers. They may pursue their course work at any one of Maryland's twenty institutions of higher education which prepare teachers.

A third route to a certificate is available for individuals who have completed three years of successful public school teaching in another state. These individuals must submit evidence of their teaching experience to the Maryland State Department of Education (MSDE).

Finally, a new route to certification has been developed by the Teacher Education Section of MSDE, in collaboration with the deans and directors of teacher education in colleges and universities in Maryland. It is considered an "alternative" path to a certificate. It consists of candidates completing an "alternative program" at one of the colleges or universities in the state.

These alternative programs are tailored to the "non-traditional candidate," such as the career changer, the military retiree, or the liberal arts graduate. These programs are generally short and intense in nature. There are currently five alternative programs which have been granted MSDE approval for implementation.

In order to expedite and strengthen the approved program and alternative program routes to certification, it is recommended that financial assistance be provided to candidates who seek entry into traditional approved programs of teacher education, especially in subject areas having critical teacher shortages. It is also recommended that colleges and universities be provided with "seed money" in the form of small competitive grants to stimulate the development of alternative programs. Details on these recommendations are provided on the following pages.

1. **Study Grants/Loans for Teacher Education**

Several reports on teacher supply and demand in Maryland have predicted shortages of teachers over the next few years. According to those reports, shortages will be most severe in certain teaching fields and in certain geographic regions of the state. National and state reports in recent years have also highlighted the fact that the pipeline of minority teacher candidates is narrowing. In Maryland, minority teachers have become an "endangered species." In view of the multi-cultural nature of Maryland's public schools and the importance of providing a variety of ethnic and racial role models to pupils in those schools, it is recommended that special consideration be given to ethnic minority students who seek to teach in Maryland. Although there are currently state scholarship programs which provide support for teacher candidates who agree to teach in Maryland, the funding level of these programs is low. About one out of four eligible applicants receives an actual award. Fewer than one hundred candidates per year receive financial support under the existing state scholarship program for teacher education, while Maryland school systems hire approximately three thousand new teachers per year.

Given the predictions about teacher shortages and the low level of funding of current state scholarship programs, it is recommended that the state develop a program of tuition grants for teacher candidates who choose to attend institutions of higher education in Maryland. These grants will require Maryland public school teaching service from each recipient subsequent to graduation. The grants will be limited to covering tuition at state institutions and will be extended to all undergraduates and degree holders. The grants will be forgiven at the rate of one year of tuition for one year of teaching service.

It is proposed that the program be implemented by the State Scholarship Board who will determine specific eligibility criteria based on financial need and scholastic ability. The number and distribution of awards will be as follows:

	Number of Awards	Tuition	Costs
Year 1	500	$1,700	$ 850,000
Year 2	755	1,870	1,411,850
Year 3	933	2,057	1,919,000
Year 4	1,032	2,263	2,335,416
		TOTAL 4 YEAR COSTS:	$6,514,447*

* Does not reflect administrative costs.

These figures assume a 10 percent increase of tuition per year and a 15 percent attrition rate among grant recipients per year.

It is the intention of the program to approximate an even distribution of awards among college classes (e.g., freshmen, sophomores, juniors, seniors, fifth year advanced seniors, and degree holders). Therefore, in year one, the 500 awards will be distributed approximately on the following basis:

Freshmen	100
Sophomores	100
Juniors	100
Seniors	100
Degree Holders and Advanced Undergraduate Seniors	100

The selection criteria and procedures will give priority consideration to ethnic minority applicants, the teaching areas of critical shortage in Maryland, and the geographic regions of Maryland which experience long-term chronic shortages of teachers. For example, this selection procedure would give first consideration to an ethnic minority student wishing to become certified in a teaching field of critical shortage and willing to teach in a geographic region known to have chronic teacher shortages.

2. Alternate Paths to Certification

Many states have created alternative routes to teacher certification. As already noted, there is now an established procedure in Maryland by which colleges and universities may develop "alternative programs" in teacher education for the liberal arts graduate, the career changer, and others who are seeking expedited routes to certification. Several of the colleges and universities in the state which offer approved programs in teacher education have applied for approval of alternative programs designed for non-traditional candidates. These programs, which are tailored to the needs and backgrounds of mature, bright, experienced adults, are viewed as incentives to many individuals who are seeking entry into the teaching profession.

The Commission recommends that the state provide grants to colleges and universities to stimulate the development of alternative programs. The grants will be offered on a competitive basis to ten institutions of higher education each year. The grants ($7,000 - $10,000 each) may be used as "seed money" to assist in program development.

A committee of experts should be charged with reviewing proposals for alternative programs and awarding grants to the most promising applicants. An important criterion should be the extent to which the programs are tailored to the non-traditional candidate, prepare teachers who subsequently provide classroom service to the state, and include apprenticeships, internships, and other field experiences which require teacher candidates to provide pre-employment service to Maryland schools.

The total cost of the grants should be approximately $85,000 per annum. Our best estimates are that the proposed program will enable between 100 and 250 highly qualified candidates among college graduates, career changers, and retirees to become new teachers. According to some sources, new teachers who graduate from alternative programs after completing degrees in liberal arts or after pursuing other careers are more likely to remain in teaching for a longer period of time than their younger counterparts who are recent graduates of traditional four-year programs in teacher education.

C. Increased Business and Community Involvement

The Commission recognizes that many incentive programs to attract new teachers to Maryland and reward experienced teachers are already in place in local school systems. For example, some school systems use volunteer aides to provide release time from non-instructional duties for experienced teachers. Others have developed innovative recruitment strategies for out-of-state and minority teacher applicants with the help of local business and community leaders. These incentives should be considered for adoption by most jurisdictions.

The Commission recommends that local education agencies work with the business community and other school support groups to implement incentive programs that go beyond those recommended in this report. For example, a cash award funded by the business community could be presented to the best teacher in a school. And the same businessess could provide needed summer jobs for teachers.

Yet, much more can be done. Liaison committees could be created in each local education agency composed of business and school system administrators plus representatives of other community groups to provide a network for regular communication and support. A possible function of these committee members could be participation in a program to exchange ideas about curriculum that might increase graduates' chances of getting jobs in their area.

The Commission further recommends that the Maryland State Department of Education establish a clearinghouse and develop a systematic procedure for collecting information from local school systems on teacher incentive programs and disseminating it statewide.

IV. APPENDICES

Appendix A

APPOINTMENT OF THE COMMISSION

1. **The Governor's Letter of Appointment to George B. Hess, Jr. Chairman.**

Dear Mr. Hess:

It is the responsiblity of the State to assure that a well-trained, highly motivated teaching force is available throughout the State of Maryland. A plentiful and able teaching force is vital to maintaining quality public education which is the cornerstone of our democracy.

Because there has been a 70 percent drop in the number of Maryland college degrees granted in education between 1970-1984 and many of the current teaching force are eligible to retire or are seeking more lucrative career choices, prompt attention must be given to these issues and others surrounding the numbers and the skills of teachers available to ensure quality education for our children.

Therefore, in accordance with Joint Resolution 11 of the 1986 session of the Maryland General Assembly, I am establishing the Governor's Commission on Teacher Salaries and Incentives.

I am very pleased to appoint you Chairman of the Commission. I would appreciate your contacting the members to set the time and place of the first meeting.

The Commission is requested to examine the relationship between teacher availability and quality and the financial and nonfinancial rewards of teaching, and specifically to examine the following questions:

(1) What salary increases, if any, are necessary to assure the availability of well-qualified teachers for Maryland schools;

(2) What other financial and nonfinancial incentives should be considered to encourage Maryland's teachers to teach in schools that have difficulty attracting outstanding teachers; to evaluate the implementation of mentor teachers' programs; to permit the summer employment of highly able teachers; to conduct in-service programs and develop curriculum; to examine the rewarding of exemplary teaching performance; and to encourage development of other special programs to attract and retain teachers; and

(3) What funding changes, if any, are necessary to ensure that each school system has a well-trained, highly motivated teaching staff.

It is requested that the Commission make its final report to the Governor and General Assembly on or before October 1, 1987.

The task you are undertaking is of great importance to the future of Maryland. An educated citizenry is essential to the goals of democracy, will guarantee the continuation of Maryland's vibrant economy and ensure the quality of life for future generations.

I appreciate your willingness to give of your time and expertise to assist Maryland in its quest for excellence in education.

Sincerely,

Governor

2. **Joint Resolution 11 of the 1986 session of the Maryland General Assembly.***

Governor's Commission on Teacher Salaries and Incentives

FOR the purpose of requesting the Governor to establish a Commission on Teacher Salaries and Incentives; requesting the Commission to examine the relationship of teacher availability and quality with the financial and nonfinancial rewards of teaching; specifying certain questions for the Commission to address; specifying the membership of the Commission; and providing for a report by a certain date.

WHEREAS, Quality public education is the cornerstone of our democracy; and

WHEREAS, Quality public education is essential to the health of Maryland's economy and the availability of employment; and

WHEREAS, Under Maryland's Constitution, education is a fundamental responsibility of the State; and

WHEREAS, A plentiful and able teaching force is vital to maintaining strong public schools, and Maryland has heretofore enjoyed such a teaching force; and

WHEREAS, Maryland now faces a looming crisis in the shortage of new teachers and in the loss of experienced professionals now in the teaching force; and

WHEREAS, A large proportion of the teaching force becomes eligible to retire soon; and

WHEREAS, Many teachers leave the teaching force because of more lucrative and career choices or because of teacher "burnout"; and

WHEREAS, There has been a 70% drop in the number of Maryland college degrees granted in education between 1970-1984; and

WHEREAS, There are serious concerns about the quality of students entering teacher education programs because many have below average scores on the SATs; and

WHEREAS, The career options available to women have broadened beyond traditional employment, such as teaching; and

WHEREAS, The purchasing power of teachers' salaries has dropped precipitously between 1970-1985; and

* Introduced by Senator Frederick C. Malkus, Jr. as SJR 20.

WHEREAS, Teacher salaries are not competitive with other professions requiring comparable formal education training; and

WHEREAS, Salary and other financial incentives are important considerations to career choices; and

WHEREAS, Career satisfaction for teachers depends upon financial as well as nonfinancial influences; and

WHEREAS, It is the responsiblity of the State to assure that a well-trained, highly motivated teaching force is available throughout the State; and

WHEREAS, Prompt attention must be given to these issues and facts; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Governor is requested to establish a Commission on Teacher Salaries and Incentives to examine the relationship between teacher availability and quality and the financial and nonfinancial rewards of teaching, and specifically to examine the following questions:

(1) What salary increases, if any, are necessary to assure the availability of well-qualified teachers for Maryland's public schools;

(2) What other financial and nonfinancial incentives should be considered to encourage Maryland's teachers to teach in schools that have difficulty attracting outstanding teachers; to consider the implementation of mentor teachers' programs; to permit the summer employment of highly able teachers to conduct in-service programs and develop curriculum; to consider rewarding exemplary teaching performance; and to encourage development of other special programs to attract and retain teachers; and

(3) What funding changes, if any, are necessary to ensure that each school system has a well-trained, highly motivated teaching staff; and be it further

RESOLVED, That the Commission be composed of 15 members appointed as follows:

(1) 2 members of the House of Delegates, appointed by the Speaker of the House;

(2) 2 members of the Senate of Maryland, apointed by the President of the Senate;

(3) 2 public school teachers, appointed by the Governor;

(4) 2 members of local boards of education appointed by the Governor;

(5) 1 member who is a local superintendent of schools;

(6) 1 member who is a member of the State Board of Education;

(7) The State Superintendent of Schools; and

(8) 4 members of the public including representation from the business community, appointed by the Governor; and be it further

RESOLVED, That the Governor is requested to provide appropriate staff resources to serve the Commission; and be it further

RESOLVED, That the Commission make a final report to the Governor and to the General Assembly on or before January 1, 1987**.

** Changed to October 1, 1987 in the Letter of Appointment

3. Section 6-301 of the Education Article

Subtitle 3. Salaries.

§ 6-301. Minimum salary requirements.

(a) *Schedule of minimum teacher salaries.* — Each teacher regularly employed in the public schools of a county who holds the following designated type of certificate, as determined by the bylaws of the State Board, or who has equivalent status in Baltimore City, as determined by the Department, shall receive a salary for the 10-month school year of at least the amount listed in the following schedule, for the applicable year of teaching:

Year of Teaching	Nondegree Provisional Certificate	Advanced First Grade, First Grade, or Degree Provisional Certificate	Standard Professional Certificate	Advanced Professional Certificate
1st	$4,500	$4,800	$5,100	
2nd	4,700	5,000	5,300	
3rd	4,900	5,200	5,500	
4th	5,100	5,400	5,800	$6,000
5th	5,300	5,600	6,100	6,300
6th	5,500	5,800	6,400	6,600
7th	5,700	6,000	6,700	6,900
8th	5,900	6,200	7,000	7,200
9th	6,100	6,400	7,200	7,400
10th	6,300	6,600	7,400	7,600
11th	6,500	6,800	7,400	7,800
12th and over	6,700	7,000	7,400	8,000

(b) *Minimum payment basis for substitute teachers.* — The basis of minimum payment to a teacher who holds a substitute certificate shall be $3,800.

(c) *Principals' salaries.* — (1) A teacher who has charge of a two-teacher school shall receive $200 for each school year in addition to the salary required by subsection (a) of this section.

(2) A school principal who holds a principal's certificate shall receive for each year the following amount in addition to the salary required for teachers by subsection (a) or (b) of this section for schools with the following number of assistant teachers:

(i) 2 to 5 assistants . . . . . $ 300;
(ii) 6 to 9 assistants 500;
(iii) 10 to 19 assistants 700;
(iv) 20 to 29 assistants 900;
(v) 30 to 39 assistants 1,800;
(vi) 40 to 49 assistants . . . . . 2,100; and
(vii) 50 or more assistants . . . . . 2,400.

(3) For the purposes of this subsection, a principal of a school with 30 or more assistants shall be employed on a 12-month basis. A principal of a school with 20 to 29 assistants may be employed on a 12-month basis and shall be paid $600 for each year in addition to the increase required by this subsection.

(d) *Additional salary for principals with 1 year beyond bachelor's degree.* — (1) A school principal who holds a principal's certificate and who has completed at least 1 year of required work beyond a bachelor's degree, shall receive for each year the following amount, in addition to the salary required for teachers by subsection (a) of this section, for schools with the following number of assistant teachers:

(i) 1 assistant	$ 400;
(ii) 2 to 5 assistants	600;
(iii) 6 to 9 assistants	900;
(iv) 10 to 19 assistants	1,200;
(v) 20 to 29 assistants	1,500;
(vi) 30 to 39 assistants	2,500;
(vii) 40 to 49 assistants	2,800; and
(viii) 50 or more assistants	3,100.

(2) For the purposes of this subsection, a principal of a school with 30 or more assistants shall be employed on a 12-month basis. A principal of a school with 20 to 29 assistants may be employed on a 12-month basis and shall be paid $700 for each year in addition to the increase required by this subsection.

(e) *Salary of aides I and II.* — (1) The salary of the position of aide I shall be $2,700.

(2) The salary of the position of aide II shall be $2,500.

(f) *Minimum salary on entering county school system.* — A teacher or principal who enters any county public school system shall receive a minimum salary equal to that required under this section for a teacher or principal who:

(1) Has equivalent experience and grade of certificate; and

(2) Is already in the public school system of that county.

(g) *Payments in excess of required salaries.* — A county board may pay teachers and principals annual salaries that are more than the salaries provided for in this section.

(h) *No incremental salary increase for holders of second class certificate.* — A teacher or principal whose certificate is rated by a county superintendent as second class under § 6-103 of this title may not receive a salary increment based on experience.

(i) *Levy to meet salaries.* — The county commissioners, county council, and Mayor and City Council of Baltimore City shall levy sufficient funds to meet the schedule of salaries established under this section. (An. Code 1957, art. 77, § 112; 1978, ch. 22, § 2.)

County contributions are mandated. — County contributions to the current expenses of the county school boards are mandated by statute. 64 Op. Att'y Gen. 51 (1979).

The history of this section, as well as its unequivocal wording, leaves no doubt as to the statutory mandate that the council levy a tax sufficient to pay the requested salaries. Board of Educ. v. Montgomery County, 237 Md. 191, 205 A.2d 202 (1964).

Duty to levy taxes enforceable by mandamus. — The duty of county commissioners to levy taxes under this section is enforceable by mandamus. County Comm'rs v. Board of County School Comm'rs, 113 Md. 305, 77 A. 605 (1910); Ruehl v. State, 130 Md. 188, 100 A. 75 (1917).

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C. TECHNICAL SUPPLEMENTS

PUBLIC EDUCATION FINANCING CHANGES IN THE EIGHTIES

Prepared by: Department of Fiscal Services
August 1987

PUBLIC EDUCATION FINANCING CHANGES IN THE EIGHTIES

Overview

The eighties have been a period of major "educational reform" throughout the United States. Two-thirds of the states have enacted programs of education reform. National focus on the need for such reform was initiated and embodied in a series of national studies released in 1983, including A Nation At Risk, Action for Excellence, Making the Grade, The Condition of Teaching, and Educating Americans for the 21st Century. These reports laid the foundation for a broad spectrum of educational change.

Obviously, education finance is at the core of most of the reform movement. To improve educational quality, most states have pumped sizeable resources into their educational systems. This report draws from a recent report prepared by Allan Odden entitled "The Economics of Financing Education Excellence" (4/87).[1] The report compares, in nominal and real (inflation adjusted to 1987 dollars) terms, the changes in educational funding in all states during the eighties. For purposes of this paper, statistics on states surrounding Maryland will be used, but information on all states is available. The data compares 1980, 1983, and 1987 (estimates) to show what the situation was prior to the period of reform (during a recessionary period) and the current situation.

Tables 1 and 2 present in nominal and real terms **state revenues** for public schools and the percent changes in those revenues for 1980, 1983, and 1987. As reflected in the total figures ("All States Plus D.C.") real dollars have increased by $16.5 billion or nearly 26% from 1980 to 1987. Most of the increase, or 21%, arose since 1983. The states selected for presentation reflect the substantial differences that occurred among the states throughout the nation.

In terms of these total figures, for the 1980 to 1987 (1983 to 1987) period, after adjusting for inflation, state revenues rose by 13% (15%) in Maryland. While most states in this area were substantially below the nationwide increase of 26% (21%), New Jersey state funds grew by 43% (33%) and West Virginia kept pace with the overall average. In real terms, all states in this area clearly outpaced inflation.

Tables 3 and 4 present **local revenues** over the 1980-1987 period on the same basis as Tables 1 and 2. Real local revenues rose by about $15.7 billion (or by just about the same level as for state revenues). In percentage terms, real local revenues increased by 28.6% from 1980 to 1987 with about half derived since 1983 (State revenues have been increasing more rapidly since 1983).

With respect to local revenues in Maryland, revenues from these sources exceed state sources in both absolute and percentage terms. Moreover, while real local revenues in Maryland rose by 23% as compared to the national

average of 29% from 1980 to 1987, since 1983 real local revenues have risen by 20% or 5% more than the national average. However, when comparing Tables 2 and 4, State efforts since 1983 show a greater percentage increase than for the period since 1980 (rising from 13% to 14.5%). Alternatively, local efforts in Maryland since 1983 reflect a falling percentage increase than for the period from 1980 (dropping from 23.3% to 20.1%). When compared to other states in the area, Maryland local contributions were ahead of most, with New Jersey at about the national average and Virginia over two times the average.

The shortfalls in these tables are that they do not show the variations among the school districts in a state. Data for Maryland will be shown in another analysis. However, two interesting extremes are demonstrated in Tables 2 and 4 which reveal that new revenues during the eighties are primarily derived from state sources in West Virginia, while the opposite is true in Virginia where most new revenues are from local contributions.

Tables 5 and 6 present **total revenues** for public schools (state, local, and federal). Total school funds increased by over $30 billion in real terms nationwide. Clearly, education became a priority in the states. As the tables reflect, new revenues outran inflation by 23% since 1980 and by 17.5% since 1983. Overall, Maryland revenues grew by 15% since 1980, but tracked the national average since 1983 by growing at 17% in real dollars. New Jersey and Virginia were the clear frontrunners in the area with real growth rates of 35% and 33%, respectively, since 1980.

Table 7 displays responsibility shifts in education by showing **revenue percentage source** (state, local, and other) for 1980 and 1987. A wide range of contribution levels is revealed. The data shows that the 1987 national average of state revenues of 50% is only slightly more than in 1980. The loss in federal revenue is evident in all cases. In Maryland, the locals absorbed the cost of the loss of federal support. While several states, including Maryland, stayed relatively level in state support from 1980 to 1987, both Delaware (65% to 69%) and West Virginia (60% to 65%) assumed a larger share (both states contribute heavily to education). Alternatively, revenues from State sources in Virginia took a sizeable fall (41% to 34%) from 1980 to 1987.

Thus far the data in this report has concentrated on "total revenue dollars". Tables 8 and 9 reflect **"per pupil funding"**. On a per pupil basis Maryland fares much better. While the national average grew by 29% in real dollars between 1980 and 1987, Maryland real revenues per pupil grew at 33% over that period. This phenomena resulted from declining enrollment coupled with increased aid and is evident in several other states in the area that outpaced the national average. Knowing that the 33% growth rate in Maryland from 1980 to 1987 represents inflation adjusted dollars reveals the accelerated pace which this state and many others have taken to correct long standing deficiencies in education. Moreover, additional adjustments to public school at the 1987 Session of the General Assembly will continue to result in further improvements.

Table 1
State Nominal and Real Revenues for Public Schools (Millions)

	1987		1983		1980	
	Nominal	Real	Nominal	Real	Nominal	Real
Delaware	310	310	229	260	197	271
D.C.						
Maryland	1,244	1,244	956	1,087	801	1,101
New Jersey	2,936	2,936	1,941	2,207	1,497	2,058
Pennsylvania	3,789	3,789	2,810	3,195	2,385	3,279
Virginia	1,314	1,314	1,116	1,269	863	1,187
W. Virginia	780	780	591	672	448	616
All States Plus D.C.	80,431	80,431	58,326	66,317	46,450	63,869

Table 2
Percent Change in State Nominal and Real Revenues for Public Schools

	1983 to 1987 Nominal	1983 to 1987 Real	1980 to 1987 Nominal	1980 to 1987 Real
Delaware	35.4%	19.1%	57.4%	13.3%
D.C.				
Maryland	30.1	14.5	55.3	13.0
New Jersey	51.3	33.0	96.1	42.6
Pennsylvania	34.8	18.6	58.9	15.5
Virginia	17.7	3.6	52.3	10.7
W. Virginia	32.0	16.1	74.1	26.6
All States Plus D.C.	37.9%	21.3%	73.2%	25.9%

Table 3
Local Nominal and Real Revenues for Public Schools (Millions)

	1987		1983		1980	
	Nominal	Real	Nominal	Real	Nominal	Real
Delaware	105	105	79	90	68	94
D.C.	384	384	307	349	244	336
Maryland	1,753	1,753	1,284	1,460	1,034	1,422
New Jersey	3,645	3,645	2,833	3,221	2,056	2,827
Pennsylvania	4,146	4,146	3,108	3,534	2,465	3,389
Virginia	2,345	2,345	1,337	1,520	1,046	1,438
W. Virginia	322	322	278	316	219	[illegible]
All States Plus D.C.	70,515	70,515	53,952	61,343	39,873	54,8[illegible]5

Table 4
Percent Change in Local Nominal and Real Revenues for Public Schools

	1983 to 1987 Nominal	1983 to 1987 Real	1980 to 1987 Nominal	1980 to 1987 Real
Delaware	32.9%	16.9%	54.4%	12.3%
D.C.	25.1	10.0	57.4	14.5
Maryland	36.5	20.1	69.5	23.3
New Jersey	28.7	13.2	77.3	28.9
Pennsylvania	33.4	17.3	68.2	22.3
Virginia	75.4	54.3	124.2	63.1
W. Virginia	15.8	1.9	47.0	6.9
All States Plus D.C.	30.7%	15.0%	76.9%	28.6%

Table 5
Total Nominal and Real Revenues for Public Schools (Millions)

	1987		1983		1980	
	Nominal	Real	Nominal	Real	Nominal	Real
Delaware	451	451	340	387	305	419
D.C.	410	410	347	395	290	399
Maryland	**3,165**	**3,165**	**2,381**	**2,707**	**1,995**	**2,743**
New Jersey	6,849	6,849	4,969	5,650	3,703	5,092
Pennsylvania	8,290	8,290	6,204	7,054	5,301	7,289
Virginia	3,870	3,870	2,647	3,010	2,110	2,901
W. Virginia	1,210	1,210	950	1,080	746	1,026
All States Plus D.C.	**160,905**	**160,905**	**120,431**	**136,930**	**95,025**	**130,659**

Table 6
Percent Change in Total Nominal and Real Revenues for Public Schools

	1983 to 1987 Nominal	1983 to 1987 Real	1980 to 1987 Nominal	1980 to 1987 Real
Delaware	32.7%	16.7%	47.9%	7.5%
D.C.	18.2	3.9	41.4	2.8
Maryland	**32.9**	**16.9**	**58.7**	**15.4**
New Jersey	37.8	21.2	85.0	34.5
Pennsylvania	33.6	17.5	56.4	13.7
Virginia	46.2	28.6	83.4	33.4
W. Virginia	27.4	12.0	62.2	18.0
All States Plus D.C.	**33.6%**	**17.5%**	**69.3%**	**23.2%**

Table 7
Revenue Source Percentage

	1987			1980		
	State	Local	Other	State	Local	Other
Delaware	68.7%	23.3%	8.0%	64.6%	22.3%	13.1%
D.C.						
Maryland	**39.3**	**55.4**	**5.3**	**40.2**	**51.8**	**8.0**
New Jersey	42.9	53.2	3.9	40.4	55.5	4.1
Pennsylvania	45.7	50.0	4.3	45.0	46.5	8.5
Virginia	34.0	60.6	5.4	40.9	49.6	9.5
W. Virginia	64.5	26.6	8.9	60.0	29.4	10.6
All States Plus D.C.	**50.0%**	**43.8%**	**6.2%**	**48.9%**	**42.0%**	**9.1%**

Table 8
Nominal and Real Revenues Per Pupil for Public Schools

	1987		1983		1980	
	Nominal	Real	Nominal	Real	Nominal	Real
Delaware	4,777	4,777	3,670	4,173	2,932	4,031
D.C.	4,745	4,745	3,809	4,331	2,732	3,756
Maryland	4,684	4,684	3,405	3,872	2,565	3,527
New Jersey	6,184	6,184	4,238	4,818	2,874	3,952
Pennsylvania	4,994	4,994	3,478	3,954	2,693	2,455
Virginia	3,970	3,970	2,713	3,085	2,046	2,813
W. Virginia	3,439	3,439	2,533	2,880	1,921	2,641
All States Plus D.C.	4,043	4,043	3,034	3,449	2,279	3,134

Table 9
Percent Change in Nominal and Real Revenues Per Pupil for Public Schools

	1983 to 1987	1983 to 1987	1980 to 1987	1980 to 1987
	Nominal	Real	Nominal	Real
Delaware	30.2%	14.5%	62.9%	18.5%
D.C.	24.6	9.6	73.7	26.3
Maryland	37.5	21.0	82.6	32.8
New Jersey	45.9	28.3	115.1	56.5
Pennsylvania	43.6	26.3	85.5	34.9
Virginia	46.4	28.7	94.1	41.1
W. Virginia	35.8	19.4	79.1	30.2
All States Plus D.C.	33.3%	17.2%	77.4%	29.0%

FOOTNOTES

[1] Allan Odden, "The Economics of Financing Education Excellence". All data in Tables 1-9 are based on data in the National Education Association's Estimates of School Statistics. Tables include revenue figures, fall enrollment as the pupil count, and use the Consumer Price Index for an urban family of four (CPI-U) to adjust all nominal figures to real dollars.

STATE AID FOR EDUCATION AND TEACHERS' SALARIES

1980 - 1987

Prepared by: Department of Fiscal Services
August 1987

STATE AID FOR EDUCATION AND TEACHERS' SALARIES
1980 - 1987

Teacher salaries and their enhancement is one of the issues being addressed by the Governor's Commission on Teacher Salaries and Incentives. This issue has at least three aspects--the overall level of teacher salaries across the counties, salary differentials among the counties, and salary schedules and their impact on teacher recruitment, retention, and morale. This paper examines salary levels and differentials in the context of State aid for primary and secondary education.

Overview of State Aid

State primary/secondary education aid flows through at least twenty different programs; however, six programs--current expense formula, compensatory, special education, teachers retirement, teachers social security, and student transportation account for 97.9% of the $1.3 billion F.Y. 1988 State aid for current expenses. (See Table 1.) Of the six major programs only transportation grants do not support teacher salaries and benefits.

TABLE 1
FY 1988 State Aid
Primary/Secondary Education

	Aid ($ in millions)	% of Non-Construction Aid
Current Expense Formula	$ 613.1	48.3%
Compensatory Aid	49.5	3.9
Special Education	92.4	7.3
Social Security	93.6	7.4
Retirement	281.5	22.1
Transportation	113.4	8.9
Density Aid	2.6	.2
Food Service Aid	6.8	.5
Innovative/Magnet Schools	7.5	.6
Other Categorical	10.0	.8
	$1,270.4	100.0
Debt Service for School Construction		
Pre-1971 Debt	$ 14.1	
Post-1971 Debt	156.4	
	$1,440.9	

Note: Other categorical includes expenditures for extended elementary, gifted and talented, community centers, apprenticeship, disruptive youth, adult education, driver's education, and environmental education programs.

Source: Department of Budget and Fiscal Planning.

Current expense formula funds represent the largest State aid program. In 1985 the General Assembly enacted legislation based on recommendations of the Task Force to Study the Funding of Public Education which specified per pupil funding levels for F.Y. 1985 through F.Y. 1989. These funding levels were increased in 1986 for F.Y. 1987 through F.Y. 1989. In 1987 the General Assembly enacted legislation, based on the Governor's APEX proposal, which further enhanced current expense formula aid through F.Y. 1992 and provided for automatic increases driven by expenditures beyond that year.

The State has distributed compensatory aid since F.Y. 1980 to fund programs for students with special education needs resulting from educationally or economically disadvantaged environments. In 1984 the legislature revised the compensatory education formula and substantially increased the funding from $4.9 to $35.0 million. This "new" program replaced the $45 per student "old" program and the $8.0 million targeted aid program. In subsequent years the funding levels for this program are linked to increases in the current expense formula. These automatic compensatory formula increases offset losses resulting from the phased elimination of density aid.

Both the current expense and compensatory aid formulas recognize a school district's potential ability to raise revenues from local sources or fiscal capacity. In Maryland a county's fiscal capacity derives from income and property wealth--the primary sources of local tax revenue. Under these formulas property and income rich counties, better able to raise sufficient revenues from local tax sources, receive less aid per student.

Current expense formula funds can be used to support all education costs with the exception of debt service, capital outlay and student transportation. State law mandates compensatory aid shall be used for expenses of instruction, except that a portion must be used to provide compensatory programs for children with special education needs resulting from educationally disadvantaged environments. The accountability provisions (Sections 5-401--5-407 of the Education Article) enacted in 1984 and amended in 1987 further specify that it is State policy that any increases in current expense and compensatory funding over F.Y. 1984 levels through F.Y. 1992 be limited to the following seven classifications:

> (i) Salary enhancement expenditures for existing instructional positions;
>
> (ii) Salary expenditures for new positions which are designed to reduce class size or reinstate or add or enhance special programs, such as art, music, resource personnel, student guidance, and gifted and talented programs;
>
> (iii) Instructional materials, supplies, and equipment;
>
> (iv) A classroom teacher award program, subject to the provisions of Title 6, Subtitle 4, of this article;

(v) A master teacher or career ladder program or any other appropriate teacher incentive pay program subject to the provisions of Title 6, Subtitle 4, of this article;

(vi) Teacher training and retraining, particularly in areas of critical need, such as, mathematics and science; or

(vii) Expansion of programs for children with educational deficiencies.

Source: Section 5-401(a)(2), Education Article

As Table 2 indicates instructional expenditures, 95% of which are for salaries and wages, represent over 69% of those costs eligible for current expense formula funding. All compensatory formula funds must support instructional or compensatory programs. In addition formula funding increases between F.Y. 1984 and F.Y. 1992, projected to be $517.4 million (See Exhibit I.), must enhance instructional programs per the accountability provisions.

TABLE 2
Education Expenditures
Funded by Current Expense Formula
F.Y. 1986

Category	Amount (Millions)	Percent
Instruction	$1,477.3	69.3
Student Personnel	12.1	.6
Health	5.1	.2
Administration	113.7	5.3
Plant Operation	231.6	10.9
Plant Maintenance	84.2	3.9
Community Services	5.2	.2
Local Fixed Charges	204.9	9.6
	$2,134.1	100.0

Source: Selected Financial Data, Part II F.Y. 1986, Maryland State Department of Education.

State aid for public special education was frozen at the F.Y. 1981 funding level of $70 million until the addition of $4.25 million for F.Y. 1988. Although special education aid can be allocated to non-instructional or indirect special education costs most of the aid supports special education instructional programs. Almost 97% of the F.Y. 1986 disbursements for special education instruction were for salaries and wages.

Current expense, compensatory, and special education aid directly fund teacher salaries. On the other hand, the State payments-on-behalf of the counties for teachers retirement and social security, accounting for almost 30% of non-construction related State aid, are driven by salary levels. All teachers are members of either the State Teachers Retirement or Pension System. The State pays in full the employer's share of retirement or pension costs. Beginning in F.Y. 1956 the State assumed through annual budget appropriations all Social Security employer costs for teachers who are members of the State Retirement or Pension Systems. In 1980 the General Assembly limited future State Social Security contributions to 6.13% of the Social Security wage base.

This brief overview of State aid for primary/secondary education suggests that a large portion of State funding increases through the major aid programs with the exception of pupil transportation will be directed towards either increasing teacher salaries or hiring additional teachers. Plans and reports submitted by the counties pursuant to the accountability provisions support this conclusion. Table 3 shows that over 80 percent of those funds subject to accountability requirements fund salary increases and new positions.

TABLE 3
Allocation of Additional Current Expense and Compensatory Aid Subject to Accountability Program

	FY 85 Actual	FY 86 Actual	FY 87 Plan
Salary and benefit enhancement	61%	71%	72%
New positions	22	19	20
Instructional Supplies & Equip.	7	4	3
Teacher Award Program			<1
Career Ladder Program		<1	<1
Training	1	<1	<1
Expansion of Programs for Children with Educational Deficiencies	9	5	4

Source: 1986 Report of the Accountability Task Force, p. 7.

Teacher Salaries--F.Y. 1980 - F.Y. 1987

Statewide average teacher salaries increased 63.4% between 1980 and 1987; however, the cost of living as measured by the Consumer Price Index rose 37.4%. Adjusting for inflation, the salary growth over this period becomes 18.8%. (See Table 4). The statewide averages are dominated by salary levels in the larger counties. Computing the county average shows this influence--the average of the counties is less than the statewide average--but, the growth trends are similar. (See Exhibit II. for a county-by-county summary of average salary levels.)

Average salaries may not be the best measure of trends. They are dependent on the mix of teachers within a system and include increases resulting from teachers moving through the salary schedule. Selecting one step of the salary schedule minimizes these effects. We have chosen the masters degree-10 years step to represent salary levels for experienced teachers.

As Table 4 shows, masters degree-step 10 salaries grew 51.5% between 1980 and 1987 - an average annual growth rate of 6.1%. The CPI adjustment reduces this to 10.8%. Among the counties, all but Baltimore City raised the salary level for experienced teachers throughout the 1980's faster than the rate of inflation. (See Exhibit III.) Not surprisingly, these growth rates are somewhat below those for average salaries. Individual teachers benefit from both general increases and movement through the salary schedule.

TABLE 4
Percent Change in Teachers Salaries, Local Appropriations, and State Aid

	1980-1983		1984-1987		1980-1987	
	Nominal	Real	Nominal	Real	Nominal	Real
Statewide Average Teacher Salaries	30.4%	7.9%	20.2%	10.2%	63.4%	18.8%
Average Teacher Salaries-County Average	31.2	8.5	23.7	13.4	65.3	20.3
Masters Step 10 - County Average	21.9	.8	20.9	10.2	51.5	10.8
Local Appropriations	22.4	1.2	25.3	14.9	62.1	17.9
State Current Expense, Compensatory Targeted & Density Aid	22.5	1.3	38.9	27.3	70.2	23.8
Instructional Staff-Teachers	-9.4		4.4		-6.3	
FTE Enrollment	-10.8		-1.8		-14.7	

Derived from Selected Financial Data, Salary Schedules of Professional Personnel and Staff Employed at School & Central Office Levels reports published by Maryland State Department of Education.

The ability of the counties to raise teacher salary levels is dependent on increases in local support or appropriations and State aid. The earlier overview of State aid programs showed that the current expense and compensatory formulas are easily the two most important State aid programs directly supporting teacher salary levels. Except for F.Y. 1981 significant increases in these two programs did not begin until F.Y. 1985. (See Exhibit I.)

Table 4 compares salary growth rates to local appropriation and current expense/compensatory aid growth rates. The earlier 1980-1983 period is related to the first three years of significant State aid increases. Between 1980 and 1983 masters-step 10 salary levels, local approriations, and State aid grew at similar rates. All barely kept pace with the cost of living. Interestingly average salaries grew about 30% during a period when the two major revenue sources grew less than 23%. Perhaps the 9.4% reduction in instructional staff over the period enabled the counties to fund existing salaries without a corresponding increase in revenues. Nominal salary growth over this earlier period equals or exceeds increases from 1984-1987; however, real growth is higher for the later period. The difference is dramatic for the masters-step 10 salary level--.8% vs. 10.2%. Unlike from 1980-1983 revenue growth from 1984 to 1987 exceeds salary growth. Apparently some of the new monies supported the 4.4% increase in instructional staff between 1984 and 1987.

This examination of salary growth rates indicates that since 1980 teacher salary levels have kept pace with or exceeded the cost of living as measured by the consumer price index. The ability of counties to continue to increase teacher salaries is dependent on numerous factors; however, assuming moderate or low inflation, and no major dimunition of local appropriations the significant growth in current expense and compensatory aid through F.Y. 1992 and beyond should allow for real salary increases. This conclusion does not suggest that overall salary levels are appropriate. Previous and future increases may not be sufficient to make up lost ground or bring salaries in line with "comparable" professions. They do appear sufficient to move salaries ahead of current or new base-line levels.

Salary Differentials

The examination of teacher salary growth overlooks salary differentials between school systems. Exhibit IV. presents 1987 salary levels for experienced teachers--masters degree, step 10. The counties are ranked from highest to lowest salary. There is a $9,242 difference between Montgomery and Somerset counties--a disparity of 1.43 to 1.

Salary differentials, especially within regions, may make it difficult for some counties to recruit and retain the best and most qualified teachers. Somerset County, for example, pays experienced teachers $21,500. Neighboring Worcester pays $27,684. Baltimore City's masters, step 10 salary level is $5,000-$5,500 less than three surrounding jurisdictions--Howard, Baltimore, and Anne Arundel counties.

Spending disparities are partially a function of local abilities to raise revenues from local sources. Given that salary and wages costs represent the largest share of education spending, it would not be surprising if local wealth per student relates to teacher salary levels. Exhibit IV. compares masters step 10 salaries to county wealth (net taxable income and assessable base) per pupil. Generally those counties with the higher wealth per student pay the higher salaries. There are exceptions. Prince George's ranks 10th on wealth per pupil, but pays the second highest masters step 10 salary. Talbot and Kent counties rank relatively high on the wealth measure, but pay average or relatively low salaries. These exceptions suggest a regional dimension. All the Baltimore/Washington metropolitan counties with the exception of Baltimore City pay the highest salaries. Among the more rural counties, generally those with more wealth have higher salaries.

Reducing wealth related spending disparities among school districts is a goal of school finance systems. Maryland's current expense and compensatory aid formulas attempt to "equalize" education spending, distributing relatively more aid to lower wealth counties. The earlier overview of State aid indicated that over 60% of the increases in these two formulas since 1984 funded teacher salary and benefit enhancements. Exhibit V. compares salary levels for masters step 10 in F.Y. 1984, before the significant funding increases, to F.Y. 1987 levels. The counties are ranked from highest to lowest percent salary increase over the period. Most counties granted experienced teachers between a 17% and 22% increase.

The relationship between salary growth and local wealth does not appear strong; however, neither is the disparity gap narrowing significantly. In 1984 Montgomery's salary level was 47% higher than Somerset's. By 1987 this difference had declined to 43%.

Although less wealthy counties receive more State current expense and compensatory aid, there has been little salary disparity reduction. Local funding efforts and allocations also determine salary levels. Exhibit VI. summarizes funding, staff, and enrollment trends over the 1984-1987 period. It offers some explanations of the weak relationship between salary growth and wealth or State equalized aid. Worcester, the wealthiest county, increased teacher salaries 28.8% and instructional staff 11.5% while losing State aid; however, local appropriations grew 50%. Caroline County, although ranking 23rd in wealth, raised salaries 31.2%. The minimal staff growth suggests the additional State and local funds allocated to instruction supported salaries, not new positions. On the other hand, St. Mary's County, another relatively less wealthy jurisdiction, increased instructional staff 18% while raising salaries 16.9%.

Exhibit I

CURRENT EXPENSE, COMPENSATORY, DENSITY, AND TARGETED AID
FISCAL YEARS 1980-1992
(millions of dollars)

FISCAL YEAR	CURRENT EXPENSE	COMPEN-SATORY	DENSITY	TARGETED	TOTAL	INCREASE	PERCENT INCREASE
1980	331.9	5.4	13.0		350.3		
1981	377.7	5.6	12.4	8.0	403.7	53.4	15.2
1982	391.0	5.6	11.8	8.0	416.4	12.7	3.1
1983	403.8	5.5	11.2	8.0	428.5	12.1	2.9
1984	404.8	5.5	10.8	8.0	429.1	0.6	0.1
1985	440.3	35.0	10.6		485.9	56.8	13.2
1986	485.8	39.0	7.8		532.6	46.7	9.6
1987	547.4	44.4	5.1		596.9	64.3	12.1
1988	612.5	49.5	2.6		664.6	67.7	11.3
1989	663.8	53.6			717.4	52.8	7.9
1990	719.3	58.2			777.5	60.1	8.4
1991	782.0	63.1			845.1	67.6	8.7
1992	859.3	68.4			927.7	82.6	9.8
INCREASE OVER 1984	454.5	62.9	-10.8	-8.0	498.6		116.2

Current expense and compensatory aid projected for Fiscal Years 1989-1992.

Prepared by the Department of Fiscal Services, August 8, 1987.

Exhibit II. AVERAGE TEACHER SALARIES

COUNTY	ACTUAL AVERAGE SALARIES 1980	1984	1987	PERCENT CHANGE 1980-1987 NOMINAL	REAL	PERCENT CHANGE 1984-1987 NOMIMAL	REAL
ALLEGANY	16,602	20,468	25,961	56.4	13.7	26.8	16.3
ANNE ARUNDEL	17,873	23,943	28,570	59.9	16.3	19.3	9.4
BALTIMORE CITY	15,705	20,987	26,332	67.7	22.0	25.5	15.0
BALTIMORE	18,988	26,432	31,762	67.3	21.7	20.2	10.2
CALVERT	16,901	23,528	28,097	66.2	20.9	19.4	9.5
CAROLINE	14,362	17,296	23,028	60.3	16.6	33.1	22.1
CARROLL	15,384	20,882	26,407	71.7	24.9	26.5	15.9
CECIL	14,876	19,688	24,575	65.2	20.2	24.8	14.4
CHARLES	15,867	21,609	25,887	63.1	18.7	19.8	9.8
DORCHESTER	16,959	19,287	24,981	47.3	7.1	29.5	18.8
FREDERICK	15,766	21,978	25,975	64.8	19.8	18.2	8.4
GARRETT	13,219	18,032	22,090	67.1	21.6	22.5	12.3
HARFORD	16,480	23,430	26,852	62.9	18.5	14.6	5.1
HOWARD	16,060	23,208	28,178	75.5	27.6	21.4	11.3
KENT	13,888	19,238	24,224	74.4	26.9	25.9	15.5
MONTGOMERY	21,970	29,544	33,508	52.5	10.9	13.4	4.0
PRINCE GEORGE'S	19,158	25,875	30,785	60.7	16.9	19.0	9.1
QUEEN ANNE'S	14,672	18,011	28,816	96.4	42.9	60.0	46.7
ST. MARY'S	15,178	20,671	24,217	59.6	16.1	17.2	7.4
SOMERSET	13,584	17,430	21,493	58.2	15.1	23.3	13.1
TALBOT	14,043	20,335	25,143	79.0	30.2	23.6	13.4
WASHINGTON	16,022	21,429	26,443	65.0	20.0	23.4	13.1
WICOMICO	14,907	20,371	25,085	68.3	22.4	23.1	12.9
WORCESTER	16,602	21,019	28,188	69.8	23.5	34.1	23.0
STATEWIDE	17,865	24,046	28,893	63.4	18.8	20.2	10.2
COUNTY AVERAGE	16,044	21,445	26,525	65.3	20.3	23.7	13.4

Prepared by the Department of Fiscal Services August 10, 1987 using data from the State Department of Education Selected Financial Data Reports.

Note: Real percent changes computed using national CPI-U to convert amounts to 1987 dollars--(1980-246.8;1984-311.1;1987-339.3)

Exhibit III. TEACHER SALARIES MASTERS DEGREE STEP-10

COUNTY	ACTUAL MASTERS-STEP 10 SALARIES 1980	1984	1987	PERCENT CHANGE 1980-1987 NOMINAL	REAL	PERCENT CHANGE 1984-1987 NOMIMAL	REAL
ALLEGANY	16,530	19,840	24,187	46.3	6.4	21.9	11.8
ANNE ARUNDEL	19,370	23,393	27,862	43.8	4.6	19.1	9.2
BALTIMORE CITY	17,033	19,120	22,716	33.4	-3.0	18.8	8.9
BALTIMORE	18,651	23,643	27,889	49.5	8.8	18.0	8.2
CALVERT	17,952	23,301	27,610	53.8	11.9	18.5	8.6
CAROLINE	14,175	18,032	23,662	66.9	21.4	31.2	20.3
CARROLL	16,359	20,928	25,619	56.6	13.9	22.4	12.2
CECIL	15,868	19,930	23,540	48.3	7.9	18.1	8.3
CHARLES	17,390	22,250	26,210	50.7	9.6	17.8	8.0
DORCHESTER	16,500	20,700	23,800	44.2	4.9	15.0	5.4
FREDERICK	16,376	20,987	24,135	47.4	7.2	15.0	5.4
GARRETT	14,136	18,372	22,302	57.8	14.8	21.4	11.3
HARFORD	17,333	21,896	25,589	47.6	7.4	16.9	7.2
HOWARD	18,259	23,745	28,481	56.0	13.5	19.9	10.0
KENT	15,515	18,466	23,452	51.2	9.9	27.0	16.4
MONTGOMERY	19,254	25,934	30,742	59.7	16.1	18.5	8.7
PRINCE GEORGE'S	20,024	24,514	29,027	45.0	5.4	18.4	8.6
QUEEN ANNE'S	16,317	19,500	27,490	68.5	22.5	41.0	29.3
ST. MARY'S	16,535	20,965	24,501	48.2	7.8	16.9	7.2
SOMERSET	14,500	17,649	21,500	48.3	7.9	21.8	11.7
TALBOT	16,516	21,040	24,757	49.9	9.0	17.7	7.9
WASHINGTON	15,726	19,656	23,851	51.7	10.3	21.3	11.3
WICOMICO	15,400	19,800	24,000	55.8	13.4	21.2	11.1
WORCESTER	17,438	21,495	27,684	58.8	15.5	28.8	18.1
COUNTY AVERAGE	16,798	21,048	25,442	51.5	10.2	20.9	10.8

Prepared by the Department of Fiscal Services August 10, 1987 using data from the Salary Schedules of Professional Personnnel published by MSDE.

Note: Real percent changes computed using national CPI-U to convert amounts to 1987 dollars--(1980-246.8;1984-311.1;1987-339.3)

EXHIBIT IV.

MASTERS STEP 10 SALARIES COMPARED TO WEALTH PER PUPIL

	MASTERS DEGREE STEP 10		LOCAL WEALTH	
COUNTY	1987 SALARY	RANKING	PER FTE ENROLLMENT	RANKING
MONTGOMERY	30,742	1	257,093	2
PRINCE GEORGE'S	29,027	2	139,271	10
HOWARD	28,481	3	179,567	5
BALTIMORE	27,889	4	200,368	4
ANNE ARUNDEL	27,862	5	149,142	7
WORCESTER	27,684	6	321,797	1
CALVERT	27,610	7	170,887	6
QUEEN ANNE'S	27,490	8	143,436	9
CHARLES	26,210	9	113,415	13
CARROLL	25,619	10	114,950	11
HARFORD	25,589	11	110,705	15
TALBOT	24,757	12	239,634	3
ST. MARY'S	24,501	13	105,298	18
ALLEGANY	24,187	14	99,944	19
FREDERICK	24,135	15	114,434	12
WICOMICO	24,000	16	108,140	16
WASHINGTON	23,851	17	112,389	14
DORCHESTER	23,800	18	107,522	17
CAROLINE	23,662	19	82,043	23
CECIL	23,540	20	93,076	20
KENT	23,452	21	146,285	8
BALTIMORE CITY	22,716	22	91,943	21
GARRETT	22,302	23	91,054	22
SOMERSET	21,500	24	81,094	24

Notes: Salary information is from 1987 Salary Schedules of Professional Personnel Report published by MSDE. Wealth per student amounts derived using September 1986 FTE enrollment and wealth base used for F.Y. 1988 current expense aid formula.

Prepared by the Department of Fiscal Services, August 1987.

EXHIBIT V.

MASTERS DEGREE STEP 10 SALARIES
(Counties Ranked on Basis of 1984-1987 Percent Change)

COUNTY	1984	1987	INCREASE	PERCENT CHANGE	RANK	WEALTH PER FTE RANK
QUEEN ANNE'S	19,500	27,490	7,990	41.0	1	9
CAROLINE	18,032	23,662	5,630	31.2	2	23
WORCESTER	21,495	27,684	6,189	28.8	3	1
KENT	18,466	23,452	4,986	27.0	4	8
CARROLL	20,928	25,619	4,691	22.4	5	11
ALLEGANY	19,840	24,187	4,347	21.9	6	19
SOMERSET	17,649	21,500	3,851	21.8	7	24
GARRETT	18,372	22,302	3,930	21.4	8	22
WASHINGTON	19,656	23,851	4,195	21.3	9	14
WICOMICO	19,800	24,000	4,200	21.2	10	16
HOWARD	23,745	28,481	4,736	19.9	11	5
ANNE ARUNDEL	23,393	27,862	4,469	19.1	12	7
BALTIMORE CITY	19,120	22,716	3,596	18.8	13	21
MONTGOMERY	25,934	30,742	4,808	18.5	14	2
CALVERT	23,301	27,610	4,309	18.5	15	6
PRINCE GEORGE'S	24,514	29,027	4,513	18.4	16	10
CECIL	19,930	23,540	3,610	18.1	17	20
BALTIMORE	23,643	27,889	4,246	18.0	18	4
CHARLES	22,250	26,210	3,960	17.8	19	13
TALBOT	21,040	24,757	3,717	17.7	20	3
HARFORD	21,896	25,589	3,693	16.9	21	15
ST. MARY'S	20,965	24,501	3,536	16.9	22	18
DORCHESTER	20,700	23,800	3,100	15.0	23	17
FREDERICK	20,987	24,135	3,148	15.0	24	12
DISPARITY	1.47	1.43				

Notes: Salary data are from 1984 and 1987 Salary Schedules of Professional Personnel reports published by MSDE. Disparities equal the highest county salary divided by the lowest.

Prepared by the Department of Fiscal Services, August 1987.

EXHIBIT VI.

SALARY GROWTH, STATE AID, LOCAL APPROPRIATIONS, INSTRUCTIONAL STAFF AND ENROLLMENT
1984-1987
(Dollars in Thousands)

COUNTIES RANKED BY SALARY GROWTH	SALARY GROWTH	CURRENT EXP./COMP STATE AID: DIFFERENCE OVER 1984	CURRENT EXP./COMP STATE AID: PERCENT CHANGE	LOCAL APPROPRIATIONS: DIFFERENCE OVER 1984	LOCAL APPROPRIATIONS: PERCENT CHANGE	INSTRUCTIONAL STAFF TEACHERS: DIFFERENCE OVER 1984	INSTRUCTIONAL STAFF TEACHERS: PERCENT CHANGE	FTE ENROLLMENT: DIFFERENCE OVER 1984	FTE ENROLLMENT: PERCENT CHANGE
QUEEN ANNE'S	41.0	1,485	53.9	2,948	42.0	-5	-1.9	205	4.7
CAROLINE	31.2	1,636	43.5	1,122	27.7	5	1.8	-20	-0.5
WORCESTER	28.8	-523	-55.0	5,692	50.0	36	11.5	141	3.0
KENT	27.0	645	42.4	1,254	33.9	10	7.1	-117	-4.9
CARROLL	22.4	6,253	45.9	6,378	25.1	58	5.6	662	3.6
ALLEGANY	21.9	3,841	39.8	807	5.6	-28	-4.1	-731	-6.2
SOMERSET	21.8	1,102	35.8	643	24.4	3	1.3	-86	-2.7
GARRETT	21.4	2,062	46.4	1,150	23.7	-10	-3.4	-69	-1.4
WASHINGTON	21.3	5,662	42.9	4,093	15.4	-17	-1.6	-839	-4.8
WICOMICO	21.2	4,257	51.7	4,199	32.1	29	4.5	167	1.5
HOWARD	19.9	6,027	50.6	23,069	41.6	269	20.1	1,411	6.1
ANNE ARUNDEL	19.1	14,997	37.3	35,718	33.1	74	2.1	-667	-1.1
BALTIMORE CITY	18.8	40,901	36.9	12,152	10.7	-144	-2.3	-5,110	-4.7
MONTGOMERY	18.5	8,232	39.5	94,711	31.3	608	11.4	2,129	2.4
CALVERT	18.5	2,581	80.8	3,055	19.1	48	11.9	565	7.5
PRINCE GEORGE'S	18.4	24,915	35.2	47,153	26.1	420	7.8	-5,836	-5.6
CECIL	18.1	3,910	38.0	2,482	17.1	12	1.6	-195	-1.6
BALTIMORE	18.0	10,754	28.3	39,836	18.3	-90	-1.7	-4,931	-6.1
CHARLES	17.8	5,231	41.4	7,037	32.8	36	3.9	237	1.4
TALBOT	17.7	375	33.2	1,203	16.1	4	1.6	77	2.2
HARFORD	16.9	9,043	44.1	6,319	16.7	103	6.9	-52	-0.2
ST. MARY'S	16.9	3,634	42.0	3,145	21.7	112	18.0	392	3.8
DORCHESTER	15.0	1,716	45.5	650	10.1	32	12.6	-266	-5.5
FREDERICK	15.0	8,298	51.6	9,528	28.1	118	9.4	1,209	5.4

Notes: 1) Masters step 10 salary levels used to compute salary growth.
2) F.Y. 1984 base year State aid amounts include density and targeted aid. F.Y. 1987 State aid includes density aid.
3) Local appropriations data is from Selected Financial Data published MSDE and local budget data compiled by MSDE.
4) Instructional staff differences computed from data published by MSDE in Staff Employed At School and Central Office Levels reports.

Prepared by the Department of Fiscal Services, August 1987.

THREE TARGETED AID OPTIONS

BASED ON COUNTY WEALTH PER PUPIL

Prepared by: Department of Fiscal Services
August 1987

THREE TARGETED AID OPTIONS
BASED ON COUNTY WEALTH PER PUPIL

Selection of Counties to Receive Aid

Counties with wealth per pupil lower than a minimum wealth per pupil target receive targeted aid funds.

Distribution of Aid

The amount of State aid an eligible county receives is inverse to that county's wealth per pupil -- less wealthy counties receive relatively more State aid per pupil.

Summary of Options

	Wealth Per Pupil Target	Number of Counties	Cost
Option I	80% of Statewide Average	14	$20 million
Option II	Median	12	$20 million
Option III	Median	12	$15 million

Relationship to Teacher Salaries

Although a wealth driven targeted aid program does not directly relate to teacher salaries, most counties with the lowest Masters-Step 10 salaries receive aid. The chart following the options shows that 16 counties pay Masters-Step 10 salaries that are below the inflated 1964 statutory minimum salary. Under targeted Option I, 14 of these counties would receive aid.

Option 1

TARGETED AID PROGRAM BASED ON COUNTY WEALTH PER PUPIL
$20 MILLION DISTRIBUTED TO COUNTIES WITH WEALTH PER PUPIL LESS THAN 80% OF THE STATEWIDE AVERAGE WEALTH PER PUPIL

	WEALTH PER FTE	DIFFERENCE FROM TARGET WEALTH PER FTE	FTE ENROLLMENT (Sept. 1986)	DIFFERENCE TIMES FTE	COUNTY SHARE OF DIFFERENCES	TARGETED AID	TARGETED AID PER FTE
Allegany	99,944	21,842	11,050.50	241,362,738	0.045	896,721	81
Anne Arundel	149,142	0	61,497.25	0	0.000	0	0
Baltimore City	91,943	29,843	102,960.25	3,072,649,510	0.571	11,415,635	111
Baltimore	200,368	0	76,446.75	0	0.000	0	0
Calvert	170,887	0	8,051.50	0	0.000	0	0
Caroline	82,043	39,743	4,174.50	165,908,443	0.031	616,390	148
Carroll	114,950	6,836	19,200.50	131,253,924	0.024	487,640	25
Cecil	93,076	28,710	11,603.00	333,122,267	0.062	1,237,630	107
Charles	113,415	8,371	16,547.75	138,513,233	0.026	514,610	31
Dorchester	107,522	14,264	4,610.00	65,757,407	0.012	244,305	53
Frederick	114,434	7,352	23,572.75	173,302,121	0.032	643,859	27
Garrett	91,054	30,732	5,046.50	155,089,175	0.029	576,194	114
Harford	110,705	11,081	26,751.63	296,422,040	0.055	1,101,279	41
Howard	179,567	0	24,604.75	0	0.000	0	0
Kent	146,285	0	2,253.50	0	0.000	0	0
Montgomery	257,093	0	89,519.75	0	0.000	0	0
Prince George's	139,271	0	98,967.50	0	0.000	0	0
Queen Anne's	143,436	0	4,608.50	0	0.000	0	0
St. Mary's	105,298	16,488	10,775.00	177,663,202	0.033	660,062	61
Somerset	81,094	40,692	3,132.00	127,446,401	0.024	473,494	151
Talbot	239,634	0	3,608.00	0	0.000	0	0
Washington	112,389	9,397	16,462.00	154,688,961	0.029	574,707	35
Wicomico	108,140	13,646	10,996.00	150,050,762	0.028	557,475	51
Worcester	321,797	0	4,901.50	0	0.000	0	0
	152,233	278,996	641,341.38	5,383,230,185	1.000	20,000,000	31
Wealth per pupil target		121,786					

Notes: Wealth per FTE based on September 1986 FTE and the wealth base used for the F.Y. 1988 current expense formula. The wealth per FTE of each county eligible for aid is subtracted from the target wealth per pupil amount. Each county's difference is multiplied by the county's enrollment. A county receives a share of the targeted aid equal to its share of the total of county wealth per pupil differences times county enrollments.

Prepared by the Department of Fiscal Services
02-Sep-87

Option 2

TARGETED AID PROGRAM BASED ON COUNTY WEALTH PER PUPIL
$20 MILLION DISTRIBUTED TO COUNTIES WITH WEALTH PER PUPIL LESS THAN THE STATEWIDE MEDIAN WEALTH PER PUPIL

	WEALTH PER FTE	DIFFERENCE FROM TARGET WEALTH PER FTE	FTE ENROLLMENT (Sept. 1986)	DIFFERENCE TIMES FTE	COUNTY SHARE OF DIFFERENCES	TARGETED AID	TARGETED AID PER FTE
Allegany	99,944	13,980	11,050.50	154,483,707	0.047	931,543	84
Anne Arundel	149,142	0	61,497.25	0	0.000	0	0
Baltimore City	91,943	21,981	102,960.25	2,263,176,024	0.682	13,647,039	133
Baltimore	200,368	0	76,446.75	0	0.000	0	0
Calvert	170,887	0	8,051.50	0	0.000	0	0
Caroline	82,043	31,881	4,174.50	133,088,524	0.040	802,529	192
Carroll	114,950	0	19,200.50	0	0.000	0	0
Cecil	93,076	20,848	11,603.00	241,899,481	0.073	1,458,663	126
Charles	113,415	509	16,547.75	8,414,823	0.003	50,742	3
Dorchester	107,522	6,402	4,610.00	29,513,587	0.009	177,968	39
Frederick	114,434	0	23,572.75	0	0.000	0	0
Garrett	91,054	22,870	5,046.50	115,413,592	0.035	695,948	138
Harford	110,705	3,219	26,751.63	86,100,765	0.026	519,191	19
Howard	179,567	0	24,604.75	0	0.000	0	0
Kent	146,285	0	2,253.50	0	0.000	0	0
Montgomery	257,093	0	89,519.75	0	0.000	0	0
Prince George's	139,271	0	98,967.50	0	0.000	0	0
Queen Anne's	143,436	0	4,608.50	0	0.000	0	0
St. Mary's	105,298	8,626	10,775.00	92,950,152	0.028	560,493	52
Somerset	81,094	32,830	3,132.00	102,822,617	0.031	620,024	198
Talbot	239,634	0	3,608.00	0	0.000	0	0
Washington	112,389	1,535	16,462.00	25,264,717	0.008	152,347	9
Wicomico	108,140	5,784	10,996.00	63,600,210	0.019	383,512	35
Worcester	321,797	0	4,901.50	0	0.000	0	0
	152,233	170,464	641,341.38	3,316,728,199	1.000	20,000,000	31
Wealth per pupil target		113,924					

Notes: Wealth per FTE based on September 1986 FTE and the wealth base used for the F.Y. 1988 current expense formula. The wealth per FTE of each county eligible for aid is subtracted from the target wealth per pupil amount. Each county's difference is multiplied by the county's enrollment. A county receives a share of the targeted aid equal to its share of the total of county wealth per pupil differences times county enrollments.

Prepared by the Department of Fiscal Services
02-Sep-87

Option 3

TARGETED AID PROGRAM BASED ON COUNTY WEALTH PER PUPIL
$15 MILLION DISTRIBUTED TO COUNTIES WITH WEALTH PER PUPIL LESS THAN
THE STATEWIDE MEDIAN WEALTH PER PUPIL

	WEALTH PER FTE	DIFFERENCE FROM TARGET WEALTH PER FTE	FTE ENROLLMENT (Sept. 1986)	DIFFERENCE TIMES FTE	COUNTY SHARE OF DIFFERENCES	TARGETED AID	TARGETED AID PER FTE
Allegany	99,944	13,980	11,050.50	154,483,707	0.047	698,657	63
Anne Arundel	149,142	0	61,497.25	0	0.000	0	0
Baltimore City	91,943	21,981	102,960.25	2,263,176,024	0.682	10,235,280	99
Baltimore	200,368	0	76,446.75	0	0.000	0	0
Calvert	170,887	0	8,051.50	0	0.000	0	0
Caroline	82,043	31,881	4,174.50	133,088,524	0.040	601,897	144
Carroll	114,950	0	19,200.50	0	0.000	0	0
Cecil	93,076	20,848	11,603.00	241,899,481	0.073	1,093,997	94
Charles	113,415	509	16,547.75	8,414,823	0.003	38,056	2
Dorchester	107,522	6,402	4,610.00	29,513,587	0.009	133,476	29
Frederick	114,434	0	23,572.75	0	0.000	0	0
Garrett	91,054	22,870	5,046.50	115,413,592	0.035	521,961	103
Harford	110,705	3,219	26,751.63	86,100,765	0.026	389,393	15
Howard	179,567	0	24,604.75	0	0.000	0	0
Kent	146,285	0	2,253.50	0	0.000	0	0
Montgomery	257,093	0	89,519.75	0	0.000	0	0
Prince George's	139,271	0	98,967.50	0	0.000	0	0
Queen Anne's	143,436	0	4,608.50	0	0.000	0	0
St. Mary's	105,298	8,626	10,775.00	92,950,152	0.028	420,370	39
Somerset	81,094	32,830	3,132.00	102,822,617	0.031	465,018	148
Talbot	239,634	0	3,608.00	0	0.000	0	0
Washington	112,389	1,535	16,462.00	25,264,717	0.008	114,260	7
Wicomico	108,140	5,784	10,996.00	63,600,210	0.019	287,634	26
Worcester	321,797	0	4,901.50	0	0.000	0	0
	152,233	170,464	641,341.38	3,316,728,199	1.000	15,000,000	23
Wealth per pupil target		113,924					

Notes: Wealth per FTE based on September 1986 FTE and the wealth base used for the F.Y. 1988 current expense formula. The wealth per FTE of each county eligible for aid is subtracted from the target wealth per pupil amount. Each county's difference is multiplied by the county's enrollment. A county receives a share of the targeted aid equal to its share of the total of county wealth per pupil differences times county enrollments.

Prepared by the Department of Fiscal Services
02-Sep-87

BACKGROUND INFORMATION -- TEACHERS SALARIES
1986-1987 SCHOOL YEAR

COST OF ACROSS THE BOARD INCREASES BASED ON AVERAGE SALARIES AND NUMBER OF TEACHERS

	AVERAGE TEACHER SALARIES	NUMBER OF TEACHERS	COST OF 1% AVERAGE SAL. INCREASE
Allegany	25,961	652.0	169,266
Anne Arundel	28,570	3,656.7	1,044,719
Baltimore City	26,332	6,123.5	1,612,440
Baltimore	31,762	5,070.8	1,610,587
Calvert	28,097	456.0	128,122
Caroline	23,028	263.9	60,771
Carroll	26,407	1,092.6	288,523
Cecil	24,575	718.0	176,449
Charles	25,887	934.4	241,888
Dorchester	24,981	288.3	72,020
Frederick	25,975	1,370.5	355,987
Garrett	22,090	288.1	63,641
Harford	26,852	1,585.6	425,765
Howard	28,178	1,609.5	453,525
Kent	24,224	157.6	38,177
Montgomery	33,508	5,952.0	1,994,396
Prince George's	30,785	5,802.8	1,786,392
Queen Anne's	28,816	272.8	78,610
St. Mary's	24,217	735.0	177,995
Somerset	21,493	215.3	46,274
Talbot	25,143	236.7	59,513
Washington	26,443	1,030.0	272,363
Wicomico	25,085	676.9	169,800
Worcester	28,188	352.8	99,447
	28,893	39,541.8	11,426,673

MASTERS STEP 10 SALARY LEVELS COMPARED TO INFLATED STATUTORY MINIMUM SALARY FOR STEP 10 OF 26,884

MASTERS STEP 10 SALARIES	DIFF. FROM INFLATED STATUTORY MINIMUM	PERCENT OVER (UNDER) MINIMUM	COUNTIES THAT WOULD RECEIVE TARGETED AID
24,187	(2,697)	(11.2)	Options I-III
27,862	978	3.5	
22,716	(4,168)	(18.3)	Options I-III
27,889	1,005	3.6	
27,610	726	2.6	
23,662	(3,222)	(13.6)	Options I-III
25,619	(1,265)	(4.9)	Option I
23,540	(3,344)	(14.2)	Options I-III
26,210	(674)	(2.6)	Options I-III
23,800	(3,084)	(13.0)	Options I-III
24,135	(2,749)	(11.4)	Option I
22,302	(4,582)	(20.5)	Options I-III
25,589	(1,295)	(5.1)	Options I-III
28,481	1,597	5.6	
23,452	(3,432)	(14.6)	
30,742	3,858	12.5	
29,027	2,143	7.4	
27,490	606	2.2	
24,501	(2,383)	(9.7)	Options I-III
21,500	(5,384)	(25.0)	Options I-III
24,757	(2,127)	(8.6)	
23,851	(3,033)	(12.7)	Options I-III
24,000	(2,884)	(12.0)	Options I-III
27,684	800	2.9	

Notes: 1) Estimated cost of 1% average salary increase derived by increasing average salaries 1% and multiplying by number of teachers.
2) Statutory minimum salary derived by inflating the 1964 minimum salary of $7,600 by the consumer price index--a factor of 3.54.
3) Average teacher salaries, number of teachers, and masters step 10 salaries from reports published by MSDE.

Prepared by the Department of Fiscal Services
03-Sep-87

BASIC CURRENT EXPENSE OPTIONS

Prepared by: Department of Fiscal Services
August 1987

BASIC CURRENT EXPENSE OPTIONS

Background

The Basic Current Expense formula represents the largest State aid program. As shown on Exhibit 1, approximately $612 million was distributed to the subdivisions in FY 1988 using this formula. The formula was designed to recognize that some subdivisions have a lesser ability to raise revenues from local tax bases and provides them relatively more State aid.

Based on existing law, State aid under this program will automatically increase each year. The following table displays projected State aid under this formula:

Basic Current Expense
(in millions)

	State Aid	Increase Over Prior Year
FY 1988	$612.5	$65.0
1989	663.8	51.3
1990	719.3	55.6
1991	782.0	62.6
1992	859.3	77.3

Options

Exhibit 1 displays the existing Basic Current Expense formula for FY 1989. It shows how an increase of approximately $50 million will be distributed to the subdivisions using the existing basic current expense approach.

Exhibit 2 displays an "add-on" to the existing Basic Current Expense formula. Under this option, the State shares in "10% of a $100 per pupil add-on". State aid is reflected under the column labeled "Simulated Aid $100 Program" and totals $13.2 million.

EXHIBIT 1

EXISTING FORMULA

BASIC CURRENT EXPENSE FORMULA AID
F.Y. 1989

COUNTY	FTE ENROLLMENT 9/30/87	BASIC PROGRAM $1999 TIMES ENROLLMENT	WEALTH BASE (000)	LOCAL SHARE $1999 PROGRAM	STATE AID F.Y. 1989 $1999 PROGRAM	PER PUPIL STATE AID F.Y. 1989	STATE AID PRIOR YEAR $1846 PROGRAM	DIFFERENCE OVER PRIOR YEAR	PER PUPIL DIFFERENCE
ALLEGANY	10,820.00	21,629,180	1,127,585	6,642,941	14,986,239	1,385	13,929,341	1,056,898	124
ANNE ARUNDEL	62,176.00	124,289,824	9,939,522	58,556,708	65,733,116	1,057	59,794,419	5,938,697	85
BALTIMORE CITY	102,376.00	204,649,624	10,175,849	59,948,980	144,700,644	1,413	134,609,108	10,091,536	106
BALTIMORE	75,806.00	151,536,194	16,215,095	95,527,990	56,008,204	739	51,389,550	4,618,654	67
CALVERT	8,219.00	16,429,781	1,480,277	8,720,753	7,709,028	938	6,802,907	906,121	93
CAROLINE	4,203.00	8,401,797	369,640	2,177,661	6,224,136	1,481	5,699,803	524,333	116
CARROLL	19,453.00	38,886,547	2,387,790	14,067,185	24,819,362	1,276	22,514,721	2,304,641	103
CECIL	11,584.00	23,156,416	1,169,560	6,890,229	16,266,187	1,404	15,092,620	1,173,567	103
CHARLES	16,834.00	33,651,166	2,002,355	11,796,477	21,854,689	1,298	19,552,834	2,301,855	116
DORCHESTER	4,581.00	9,157,419	524,970	3,092,758	6,064,661	1,324	5,606,340	458,321	108
FREDERICK	23,875.00	47,726,125	2,942,265	17,333,766	30,392,359	1,273	27,712,903	2,679,456	97
GARRETT	4,986.00	9,967,014	485,464	2,860,013	7,107,001	1,425	6,624,019	482,982	112
HARFORD	27,013.00	53,998,987	3,191,671	18,803,089	35,195,898	1,303	32,034,436	3,161,462	106
HOWARD	25,103.00	50,180,897	4,912,015	28,938,153	21,242,744	846	19,538,117	1,704,627	52
KENT	2,244.00	4,485,756	353,985	2,085,433	2,400,323	1,070	2,228,816	171,507	81
MONTGOMERY	90,493.00	180,895,507	25,579,227	150,694,900	30,200,607	334	30,430,003	-229,396	-6
PRINCE GEORGE'S	98,823.00	197,547,177	14,729,932	86,778,449	110,768,728	1,121	101,949,909	8,818,819	91
QUEEN ANNE'S	4,657.00	9,309,343	729,403	4,297,135	5,012,208	1,076	4,634,954	377,254	70
ST. MARY'S	10,960.00	21,909,040	1,248,348	7,354,391	14,554,649	1,328	13,244,161	1,310,488	99
SOMERSET	3,151.00	6,298,849	269,275	1,586,377	4,712,472	1,496	4,293,789	418,683	125
TALBOT	3,656.00	7,308,344	938,189	5,527,151	1,781,193	487	1,595,451	185,742	45
WASHINGTON	16,249.00	32,481,751	1,944,463	11,455,416	21,026,335	1,294	19,550,476	1,475,859	106
WICOMICO	11,054.00	22,096,946	1,255,069	7,393,990	14,702,956	1,330	13,332,702	1,370,254	117
WORCESTER	4,930.00	9,855,070	1,752,210	10,322,796	295,800	60	294,090	1,710	0
	643,246.00	1,285,848,754	105,724,159	622,852,743	663,759,537	1,032	612,455,469	51,304,068	77

LOCAL CONTRIBUTION RATE = 0.0058913

PREPARED BY THE DEPARTMENT OF FISCAL SERVICES AUGUST 21, 1987

Aid distribution based on Department of State Planning enrollment projections as adjusted by the Department of Fiscal Services and county wealth. Wealth is the sum of state purposes real property assessable base, public utility operating property, 50% county purposes personal property, net taxable income. Wealth base projected by State Department of Assessments and Taxation and the Department of Fiscal Services.
The state shares in 55% of $624 and 50% of $1375 per pupil. Per student aid is inversely related to per student wealth.
There is a minimum grant of $60 per student.

EXHIBIT 2
BASIC CURRENT EXPENSE "ADD-ON"

BASIC CURRENT EXPENSE FORMULA SIMULATION
SIMULATION IN WHICH STATE SHARES IN 10% OF $ 100
FY 1989

COUNTY	FTE ENROLLMENT 9/30/86	BASIC PROGRAM $ 100 TIMES ENROLLMENT	WEALTH BASE (000)	LOCAL[1] SHARE $ 100 PROGRAM	SIMULATED AID $ 100 PROGRAM	PER PUPIL SIMULATED AID	CURRENT LAW AID $1846 PROGRAM
ALLEGANY	11,050.50	1,105,050	1,104,433	652,941	452,109	41	13,929,341
ANNE ARUNDEL	61,497.25	6,149,725	9,171,831	5,422,387	727,338	12	59,794,419
BALTIMORE CITY	102,960.25	10,296,025	9,466,467	5,596,576	4,699,449	46	134,609,108
BALTIMORE	76,446.75	7,644,675	15,317,449	9,055,676	0	0	51,389,550
CALVERT	8,051.50	805,150	1,375,900	813,432	0	0	6,802,907
CAROLINE	4,174.50	417,450	342,487	202,478	214,972	51	5,699,803
CARROLL	19,200.50	1,920,050	2,207,098	1,304,836	615,214	32	22,514,721
CECIL	11,603.00	1,160,300	1,079,961	638,473	521,827	45	15,092,620
CHARLES	16,547.75	1,654,775	1,876,771	1,109,547	545,228	33	19,552,834
DORCHESTER	4,610.00	461,000	495,676	293,044	167,956	36	5,606,340
FREDERICK	23,572.75	2,357,275	2,697,529	1,594,779	762,496	32	27,712,903
GARRETT	5,046.50	504,650	459,504	271,659	232,991	46	6,624,019
HARFORD	26,751.63	2,675,163	2,961,551	1,750,869	924,293	35	32,034,436
HOWARD	24,604.75	2,460,475	4,418,199	2,612,039	0	0	19,538,117
KENT	2,253.50	225,350	329,654	194,891	30,459	14	2,228,816
MONTGOMERY	89,519.75	8,951,975	23,014,878	13,606,396	0	0	30,430,003
PRINCE GEORGE'S	98,967.50	9,896,750	13,783,325	8,148,702	1,748,048	18	101,949,909
QUEEN ANNE'S	4,608.50	460,850	661,023	390,797	70,053	15	4,634,954
ST. MARY'S	10,775.00	1,077,500	1,134,581	670,764	406,736	38	13,244,161
SOMERSET	3,132.00	313,200	253,987	150,157	163,043	52	4,293,789
TALBOT	3,608.00	360,800	864,601	511,152	0	0	1,595,451
WASHINGTON	16,462.00	1,646,200	1,850,152	1,093,810	552,390	34	19,550,476
WICOMICO	10,996.00	1,099,600	1,189,108	703,001	396,599	36	13,332,702
WORCESTER	4,901.50	490,150	1,577,286	932,492	0	0	294,090
	641,341.38	64,134,138	97,633,451	57,720,897	13,231,202	21	612,455,469

LOCAL CONTRIBUTION RATE = 0.0005912

PREPARED BY THE DEPARTMENT OF FISCAL SERVICES AUGUST 27, 1987

Aid distribution based on September 30th full-time equivalent enrollment as reported by the Maryland State Department of Education and county wealth. Wealth is the sum of state purposes real property assessable base, public utility operating property, 50% county purposes personal property, and net taxable income. The wealth data is reported by the Income Tax Division and the Maryland State Department of Assessments and Taxation. The state shares in 10% of $ 100 and 0% of $ 0 per pupil. Per student aid is inversely related to per student wealth.

(1) "Hold Harmless" - Under this option, the subdivisions would not be responsible for their share of the additional $100 per pupil add-on.

THE MARYLAND STATE DEPARTMENT OF EDUCATION'S RESPONSE TO THE JOINT CHAIRMEN'S REPORT REQUESTING RECOMMENDATIONS FOR ALTERNATIVE OPTIONS IN DETERMINING MAINTENANCE OF EFFORT REQUIREMENTS

AUGUST 1, 1986

MARYLAND STATE DEPARTMENT OF EDUCATION
MAINTENANCE OF EFFORT OPTIONS
TO BE CONSIDERED BY THE
MARYLAND GENERAL ASSEMBLY
AUGUST 1, 1986

EXECUTIVE SUMMARY

In the 1986 Session of the Maryland General Assembly, the Joint House Appropriations Committee and Senate Budget and Taxation Committee requested the Maryland State Department of Education to recommend additional alternatives for satisfying a "maintenance of effort" requirement on the part of local education agencies.

This request was a direct outgrowth of the General Assembly's concern that local participation in the cost of public education was not keeping pace with the State's contribution. This concern is based in part on the fact that State contributions toward the funding of public education have increased 18.5% since Fiscal Year 1984 while local contributions have increased 14.5%. A summary of the State and local increases may be found in Table X of the Report.

The charge undertaken by the Maryland State Department of Education, wherein alternative approaches to a "maintenance of effort" requirement were to be explored, was to ensure that local participation in the cost of local public education should increase based on any one or combination of variables that can or should be a basis for impacting on a local education agency's level of contribution. The four variables considered by the Maryland State Department of Education in their alternative approaches were Consumer Price Index, increases in enrollment, increases in wealth, and a Wealth Index per capita compared to an Allocation Index per pupil. The acceptance of any one or combination of the four variables as a basis for determining a local education agency's level of contribution depends, to a large extent, upon one's philosophy and perspective.

Inasmuch as the charge was to present alternative approaches, the Maryland State Department of Education has prepared eight options, referenced in Table I of the Report, using one or more of the four variables. The eight options are only intended to be viewed as broad concepts for arriving at a local "maintenance of effort" requirement and do not address any implementation or phase-in of the concepts based on their fiscal impact. A summary of the eight options follows.

The first option, which takes into consideration the Consumer Price Index, results in one county that would have been required to increase its local contribution over its Fiscal Year 1986 actual contribution. The Statewide increase in local appropriation, if this option had been applied, would have been $74,627.

The second option, which takes into consideration the Consumer Price Index and an enrollment increase, results in eight counties that would have been required to increase their local contribution over their Fiscal Year 1986 actual contribution. The Statewide increase in local appropriation, if this option had been applied, would have been $6,381,726.

THE THIRD OPTION, WHICH TAKES INTO CONSIDERATION THE PERCENT OF INCREASE IN WEALTH, RESULTS IN SIXTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $21,904,065.

THE FOURTH OPTION, WHICH TAKES INTO CONSIDERATION THE PERCENT OF INCREASE IN WEALTH ADJUSTED FOR A WEALTH INDEX, RESULTS IN FIFTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $15,959,271.

THE FIFTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX AND ALLOCATION INDEX, RESULTS IN SEVENTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $40,544,207.

THE SIXTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX, RESULTS IN EIGHTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $40,814,720.

THE SEVENTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX (EXCLUDING THE HIGH COUNTY AND LOW COUNTY), RESULTS IN SIXTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $38,700,041.

THE EIGHTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX (STATEWIDE REGIONALIZATION), RESULTS IN ELEVEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ANNUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $29,537,286.

IN CONCLUSION, THE MARYLAND STATE DEPARTMENT OF EDUCATION RECOGNIZES THAT THERE MAY BE AS MANY OPTIONS FOR ESTABLISHING A "MAINTENANCE OF EFFORT" REQUIREMENT AS THERE ARE VARIABLES TO BE CONSIDERED. THE MOST APPROPRIATE OPTION IN ADDRESSING THIS CONCERN DEPENDS TO A GREAT EXTENT UPON ONE'S PHILOSOPHY REGARDING THE FUNDING OF PUBLIC EDUCATION AND ONE'S SENSITIVITIES TO THE FISCAL IMPACT ON LOCAL EDUCATION AGENCIES. IT IS HOPED THAT THE EIGHT OPTIONS PRESENTED BY THE MARYLAND STATE DEPARTMENT OF EDUCATION WILL BE OF ASSISTANCE IN ADDRESSING THIS CONCERN.

MARYLAND STATE DEPARTMENT OF EDUCATION
MAINTENANCE OF EFFORT OPTIONS
TO BE CONSIDERED BY THE
MARYLAND GENERAL ASSEMBLY
AUGUST 1, 1986

I. BACKGROUND

THE 1984 GENERAL ASSEMBLY ENACTED LEGISLATION (CHAPTER 85) WHICH PROVIDED FOR INCREASES IN STATE AID FOR ELEMENTARY AND SECONDARY EDUCATION FROM FISCAL YEAR 1985 THROUGH FISCAL YEAR 1989. ACCORDINGLY, BY FISCAL YEAR 1989, STATE AID FOR ELEMENTARY AND SECONDARY EDUCATION WILL PROVIDE APPROXIMATELY $191 MILLION MORE THAN THE PREVIOUS AID FORMULA PROVIDED. CHAPTER 85 ALSO PROVIDED THAT LOCAL GOVERNMENTS ANNUALLY APPROPRIATE FUNDS TO THEIR SCHOOL OPERATING BUDGET THAT ARE NO LESS THAN THE GREATER OF:

- THE HIGHEST LOCAL APPROPRIATION TO THE SCHOOL OPERATING BUDGET IN THE PRIOR FISCAL YEAR; OR

- THE PRODUCT OF THE CURRENT ENROLLMENT AND THE LOCAL APPROPRIATION PER PUPIL FOR THE PRIOR FISCAL YEAR.

FURTHER, IN THE PREAMBLE TO CHAPTER 85, THE GENERAL ASSEMBLY EXPRESSED ITS INTENTIONS REGARDING THE PURPOSES OF THE INCREASED AID. "THE PURPOSE OF THIS AID IS TO ASSURE QUALITY EDUCATION. HOWEVER, THIS PURPOSE CANNOT BE ACHIEVED UNLESS LOCAL GOVERNMENTS ALSO CONTRIBUTE TO THE INCREASING COSTS OF EDUCATION."

SINCE THIS ACTION WAS TAKEN BY THE GENERAL ASSEMBLY IN 1984, CONSIDERABLE TIME AND ATTENTION HAS BEEN DIRECTED TO STRENGTHENING THE CURRENT "MAINTENANCE OF EFFORT" REQUIREMENT. DURING THE 1984 INTERIM THE TASK FORCE TO STUDY THE FUNDING OF PUBLIC EDUCATION (CIVILETTI) EXAMINED A NUMBER OF POSSIBLE APPROACHES FOR INCREASING THE "MAINTENANCE OF EFFORT" REQUIREMENT. IN THEIR DECEMBER 1, 1984 REPORT TO THE GOVERNOR THEY NOTED THAT:

> "...FOR FY 1985, THE COUNTIES INCREASED THEIR FY 1984 APPROPRIATIONS OF $1.25 BILLION FOR CURRENT EXPENSES BY OVER $77 MILLION (OR IN EXCESS OF 6%). ...IT WAS NOTED THAT ONLY THREE COUNTIES APPROPRIATED ONLY THE MINIMUM LEVEL REQUIRED (I.E., APPROPRIATED NO ADDITIONAL MONIES OVER THE FY 1984 LEVEL) AND ALL OTHER COUNTIES EXCEEDED THE MINIMUM REQUIREMENT... HOWEVER, SINCE MOST COUNTIES EXPERIENCED A DECLINE IN ENROLLMENT, ALL COUNTIES APPROPRIATED MORE MONEY PER PUPIL (EVEN IF THE TOTAL DOLLAR APPROPRIATION LEVEL DID NOT INCREASE).

...IN SUPPORT OF THE CONCEPT OF LOCAL CONTROL OF EDUCATION SPENDING AND TO ENCOURAGE THE COUNTIES TO RECOGNIZE THE IMPORTANCE OF THEIR EDUCATION MAINTENANCE OF EFFORT, THE TASK FORCE RECOMMENDS THAT THE ACCOUNTABILITY TASK FORCE ANNUALLY AND SYSTEMATICALLY MONITOR THE COUNTIES' EDUCATION SPENDING AND EFFORT. IF THE COUNTIES' APPROPRIATIONS IN FUTURE YEARS SUGGEST THAT THE PROVISIONS OF HB 669 ARE BEING INTERPRETED AS A CEILING, RATHER THAN AS A FLOOR (AS INTENDED), THEN THE ACCOUNTABILITY TASK FORCE SHOULD RECOMMEND INCREASING THE CURRENT MAINTENANCE OF EFFORT REQUIREMENTS."

CONSEQUENTLY, DURING THE 1985 INTERIM THE EDUCATION ACCOUNTABILITY TASK FORCE (EATF) SPENT MUCH OF THEIR TIME EXAMINING LOCAL EFFORT, THE WORK OF THE CIVILETTI TASK FORCE, AND DEVELOPING OTHER ALTERNATIVES FOR INCREASING THE "MAINTENANCE OF EFFORT" REQUIREMENT. WHILE THE EATF AGREED THAT THE CURRENT REQUIREMENT WAS TOO WEAK, THEY TOO DID NOT SUCCEED IN DEVELOPING A FORMULA. IN PARTICULAR, THEY SOUGHT TO STRENGTHEN THE "MAINTENANCE OF EFFORT" REQUIREMENT WITHOUT INCREASING SPENDING DISPARITIES, TO RECOGNIZE STATE-LOCAL FISCAL RELATIONSHIPS AND TO BE SIMPLE TO COMPUTE. THEY CONCLUDED, "A STATE MANDATED INCREASE OF LOCAL EXPENDITURES IS A COMPLEX POLICY ISSUE WHICH SHOULD BE ACCOMPLISHED THROUGH THE POLITICAL PROCESS."

THE 1986 JOINT CHAIRMEN'S REPORT REQUESTED THE STATE DEPARTMENT OF EDUCATION TO "SUBMIT RECOMMENDATIONS TO THE BUDGET COMMITTEES ON METHODS TO ENCOURAGE AND ENSURE THAT LOCAL EDUCATION AGENCIES IMPROVE THEIR COMPLIANCE WITH THE "MAINTENANCE OF EFFORT" REQUIREMENT OF THE LAW AND THE LEGISLATURE'S INTENT THAT LOCAL GOVERNMENTS CONTRIBUTE TO THE INCREASING COST OF EDUCATION". INASMUCH AS THE LOCAL EDUCATION AGENCIES ARE MEETING THE "MAINTENANCE OF EFFORT" REQUIREMENTS UNDER THE CURRENT LAW, THE STATE DEPARTMENT OF EDUCATION HAS FOCUSED ITS ATTENTION ON THE LATTER REQUEST OF THE JOINT CHAIRMEN'S REPORT.

II. RESPONSE

A "MAINTENANCE OF EFFORT" REQUIREMENT IS A CONCEPT WHICH ATTEMPTS TO ENSURE THAT LOCAL EDUCATION AGENCIES ARE CONTINUING TO FUND THE COST OF PUBLIC EDUCATION AT A LEVEL AT LEAST EQUAL TO THE LEVEL OF LOCAL SUPPORT IN EFFECT AT THE TIME OF THE INFUSION OF STATE AID. THE GOAL OF "MAINTENANCE OF EFFORT" IS TO ENSURE THAT INCREASES RESULTING FROM STATE AID ARE NOT SUBSTITUTED FOR LOCAL INCREASES WHICH OTHERWISE WOULD HAVE BEEN AVAILABLE IN THE ABSENCE OF STATE AID. LIKEWISE, LOCAL EDUCATION AGENCIES SHOULD BE EXPECTED TO SHARE IN THE COST OF LIVING INCREASES AS WELL AS ENROLLMENT INCREASES IF THE "MAINTENANCE OF EFFORT" IS TO PRESERVED.

INASMUCH AS THE GOAL OF FUNDING PUBLIC EDUCATION IS TO PROVIDE AN ADEQUATE AND EQUITABLE SYSTEM OF PUBLIC EDUCATION SUPPORTED BY STATE AND LOCAL RESOURCES AND TO CONTINUE LOCAL CONTROL OVER EDUCATION RESOURCES WITHIN BROAD STATE POLICY GUIDELINES, THE COMPONENTS OF A "MAINTENANCE OF EFFORT" FORMULA SHOULD NOT BE RESTRICTIVE IN NATURE, I.E. DIRECTING OR LIMITING THE USE OF CERTAIN FUNDS. THEREFORE, THE MARYLAND STATE DEPARTMENT OF EDUCATION'S APPROACH WAS TO DEVELOP A NUMBER OF OPTIONS USING A VARIETY OF VARIABLES WHICH INFLUENCE IN VARYING DEGREES THE AMOUNT OF FUNDING TO BE CONTRIBUTED BY EACH LOCAL EDUCATION AGENCY TOWARD THE COST OF LOCAL PUBLIC EDUCATION. ALTHOUGH IT IS RECOGNIZED THAT THERE ARE TWO EXISTING "MAINTENANCE OF EFFORT" PROVISIONS IN THE LAW, THE OPTIONS PRESENTED BY THE MARYLAND STATE DEPARTMENT OF EDUCATION INCLUDE VARIABLES HERETOFORE NOT MANDATED, SUCH AS CONSUMER PRICE INDEX AND WEALTH, WHICH DO INFLUENCE THE AMOUNT OF LOCAL FUNDS NEEDED TO MEET A "MAINTENANCE OF EFFORT" REQUIREMENT.

III. DEFINITIONS AND APPROACH

THE FOLLOWING VARIABLES WERE USED IN ALTERNATIVE WAYS TO DETERMINE THE AMOUNT OF ADDITIONAL INCREASE THAT WOULD HAVE BEEN REQUIRED IN FISCAL YEAR 1986 ON THE PART OF EACH LOCAL EDUCATION AGENCY TO MEET A "MAINTENANCE OF EFFORT" REQUIREMENT BASED ON ANY ONE OF EIGHT OPTIONS PRESENTED. THE VARIABLES UPON WHICH THE "MAINTENANCE OF EFFORT" OPTIONS WERE BASED ARE AS FOLLOWS:

CONSUMER PRICE INDEX -- BASED ON THE BALTIMORE-WASHINGTON AREA AND APPLIED IN THE SAME MANNER AS USED IN CALCULATING BASIC CURRENT EXPENSE AID AS DEFINED IN SECTION 5-202 OF THE MARYLAND CODE EDUCATION ARTICLE. THE USE OF A CONSUMER PRICE INDEX AS A FACTOR IN ESTABLISHING "MAINTENANCE OF EFFORT" REQUIREMENT ASSUMES THAT A LOCAL EDUCATION AGENCY'S FUNDING WILL AT LEAST KEEP PACE WITH INCREASES IN INFLATION.

ENROLLMENT -- BASED ON ENROLLMENT AS DEFINED AND APPLIED IN THE LAW USED FOR CALCULATING BASIC CURRENT EXPENSE AID. THE USE OF ENROLLMENT AS A FACTOR IN ESTABLISHING A "MAINTENANCE OF EFFORT" REQUIREMENT ASSUMES THAT A LOCAL EDUCATION AGENCY'S FUNDING WILL AT LEAST KEEP PACE WITH INCREASES IN ENROLLMENT.

WEALTH -- BASED ON WEALTH AS APPLIED IN CALCULATING BASIC CURRENT EXPENSE AID AND AS DEFINED IN SECTION 5-202 OF THE MARYLAND CODE EDUCATION ARTICLE. THE USE OF WEALTH AS A FACTOR IN ESTABLISHING A "MAINTENANCE OF EFFORT" REQUIREMENT ASSUMES THAT A LOCAL EDUCATION AGENCY'S FUNDING WILL AT LEAST KEEP PACE WITH INCREASES IN LOCAL WEALTH. WEALTH IS CONSIDERED TO BE A MEASURE OF A LOCAL EDUCATION AGENCY'S ABILITY TO MAINTAIN EFFORT.

WEALTH INDEX PER CAPITA AND ALLOCATION INDEX PER PUPIL -- BASED ON EACH LOCAL EDUCATION AGENCY'S WEALTH PER CAPITA COMPARED TO THE STATEWIDE WEALTH PER CAPITA. BASED ON EACH LOCAL EDUCATION AGENCY'S ALLOCATION PER PUPIL COMPARED TO THE STATEWIDE ALLOCATION PER PUPIL. THE USE OF THE WEALTH INDEX

AND THE ALLOCATION INDEX AS FACTORS IN ESTABLISHING A "MAINTENANCE OF EFFORT" REQUIREMENT ASSUMES THAT THE ALLOCATION PER PUPIL WILL KEEP PACE WITH THE GROWTH IN LOCAL WEALTH PER CAPITA PROVIDING THE WEALTH INDEX IS GREATER THAN THE ALLOCATION INDEX. WHILE WEALTH IS CONSIDERED TO BE A MEASURE OF A LOCAL EDUCATION AGENCY'S ABILITY, ALLOCATION IS CONSIDERED TO BE A MEASURE OF A LOCAL EDUCATION AGENCY'S EFFORT. THE WEALTH INDEX PER CAPITA AND THE ALLOCATION INDEX PER PUPIL ARE MEANS FOR COMPARING WEALTH AND ALLOCATION TO A STATEWIDE AVERAGE.

THE APPLICATION OF THE ABOVE VARIABLES IN ALTERNATIVE WAYS HAS LED TO THE DEVELOPMENT OF EIGHT OPTIONS, EACH OF WHICH HAS A VARYING DEGREE OF FISCAL IMPACT ON THE LOCAL EDUCATION AGENCIES.

IV. OPTIONS

OPTION I -- TABLE II

CONSUMER PRICE INDEX

CONCEPT

- THE FY 1984 COUNTY ALLOCATION PER PUPIL HAS BEEN INCREASED BY THE CONSUMER PRICE INDEX FOR FY 1985 AND FY 1986.
- "MAINTENANCE OF EFFORT" WOULD BE BASED ON INCREASES IN THE CONSUMER PRICE INDEX (CPI), BEGINNING WITH FY 1984 (PRE CIVILETTI) AS THE BASE YEAR FOR MAKING ALL FUTURE YEAR DETERMINATIONS.
- ASSUMES COUNTY IS NOT MAINTAINING EFFORT IF THE COUNTY ALLOCATION PER PUPIL (COL 4) DOES NOT KEEP PACE WITH THE INCREASE IN INFLATION AS MEASURED BY CPI.

METHOD

- THE FY 1986 REQUIRED "MAINTENANCE OF EFFORT" LEVEL (COL 7) WOULD BE DERIVED BY INCREASING THE FY 1984 COUNTY ALLOCATION PER PUPIL (COL 1) BY THE AMOUNT OF INCREASE IN THE CPI FOR FY 1985 AND FY 1986 SEQUENTIALLY (COLS 2 & 3).

IMPACT

- ONE (1) COUNTY WOULD HAVE BEEN REQUIRED TO INCREASE ITS LOCAL APPROPRIATION FOR FY 1986 (COL 9).

- THE STATEWIDE FY 1986 COUNTY ALLOCATION (COL 8) WOULD HAVE BEEN INCREASED BY $74,627 OR .00524% OVER THE ACTUAL STATEWIDE FY 1986 COUNTY ALLOCATION (COL 8).

ADVANTAGES

- CONSIDERS EFFORT, BASED ON ALLOCATION PER PUPIL, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

- CONSIDERS INFLATION, BASED ON CONSUMER PRICE INDEX, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

DISADVANTAGES

- DOES NOT CONSIDER ABILITY, AS MEASURED BY WEALTH, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

OPTION 2 -- TABLE III

CONSUMER PRICE INDEX AND FACTOR FOR INCREASE IN ENROLLMENT

CONCEPT

- THE FY 1985 TOTAL ALLOCATION HAS BEEN INCREASED BY THE PERCENT OF INCREASE IN THE CONSUMER PRICE INDEX AND BY THE PERCENT OF INCREASE IN ENROLLMENT.

- "MAINTENANCE OF EFFORT" WOULD BE BASED ON INCREASES IN THE CONSUMER PRICE INDEX (CPI) AS WELL AS INCREASES IN PUPIL ENROLLMENT, BEGINNING WITH THE PRECEDING FISCAL YEAR AS THE BASE YEAR FOR MAKING THE SUBSEQUENT YEAR DETERMINATION.

- ASSUMES COUNTY IS NOT MAINTAINING EFFORT IF THE COUNTY ALLOCATION (COL 7) DOES NOT KEEP PACE WITH THE INCREASE IN INFLATION AND ENROLLMENT (COL 6).

METHOD

- THE FY 1986 REQUIRED "MAINTENANCE OF EFFORT" LEVEL (COL 6) WOULD BE DERIVED BY INCREASING THE FY 1985 COUNTY ALLOCATION (COL 1) BY THE PERCENT OF INCREASE IN ENROLLMENT BETWEEN FY 1985 AND FY 1986 (COLS 3 & 4) AS WELL AS BY THE AMOUNT OF INCREASE IN THE CONSUMER PRICE INDEX FOR FY 1986 (COL 2).

Impact

- Eight (8) counties would have been required to increase their local appropriation for FY 1986 (Col 8).
- The Statewide FY 1986 county allocation (Col 7) would have been increased by $6,381,726 or .448% over the actual Statewide FY 1986 county allocation (Col 7).

Advantages

- Considers inflation, based on Consumer Price Index, as a factor in determining "maintenance of effort".
- Considers increases in enrollment as a factor in determining "maintenance of effort".

Disadvantages

- Does not consider ability, as measured by wealth, as a factor in determining "maintenance of effort".
- Does not consider effort, as measured by allocation per pupil, as a factor in determining "maintenance of effort".

OPTION 3 -- TABLE IV

PERCENT OF INCREASE IN WEALTH

Concept

- The FY 1985 total county allocation has been increased by the percent of increase in local wealth.
- "Maintenance of effort" would be based on percent of increase in local wealth (Col 3), beginning with the preceding fiscal year as the base year for making the subsequent year determinations.
- Assumes wealth is a measure of ability and a factor in determining "maintenance of effort".
- Assumes county is not maintaining effort if the county allocation (Col 6) does not keep pace with the increase in local wealth (Col 5).

Method

- The FY 1986 required "maintenance of effort" (Col 5) would be derived by increasing the FY 1985 county allocation (Col 4) by the percent of increase in local wealth (Col 3) between FY 1985 and FY 1986 (Cols 1 & 2).

IMPACT

- SIXTEEN (16) COUNTIES WOULD HAVE BEEN REQUIRED TO INCREASE THEIR LOCAL APPROPRIATION FOR FY 1986 (COL 7).
- THE STATEWIDE FY 1986 COUNTY ALLOCATION (COL 6) WOULD HAVE BEEN INCREASED BY $21,904,065 OR 1.54% OVER THE ACTUAL STATEWIDE FY 1986 COUNTY ALLOCATION (COL 6).

ADVANTAGES

- CONSIDERS ABILITY, BASED ON INCREASES IN WEALTH, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

DISADVANTAGES

- DOES NOT CONSIDER ENROLLMENT CHANGE OR INFLATION AS FACTORS IN DETERMINING "MAINTENANCE OF EFFORT".

OPTION 4 -- TABLE V

PERCENT OF INCREASE IN WEALTH ADJUSTED FOR WEALTH INDEX

CONCEPT

- THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE PERCENT OF INCREASE IN LOCAL WEALTH. HOWEVER, IF THE COUNTY WEALTH PER CAPITA IS LESS THAN THE STATEWIDE WEALTH PER CAPITA, THE PERCENT THAT THE LOCAL WEALTH PER CAPITA IS OF THE TOTAL WEALTH PER CAPITA IS MULTIPLIED BY THE PERCENT OF INCREASE IN COUNTY WEALTH TO ESTABLISH THE FY 1986 "MAINTENANCE OF EFFORT".
- "MAINTENANCE OF EFFORT" WOULD BE BASED ON PERCENT OF INCREASE IN LOCAL WEALTH (COL 3) ADJUSTED FOR A WEALTH INDEX (COL 6), BEGINNING WITH THE PRECEDING FISCAL YEAR AS THE BASE YEAR FOR MAKING THE SUBSEQUENT YEAR DETERMINATION. THE WEALTH INDEX (COL 6) IS CALCULATED BY DIVIDING THE LOCAL WEALTH PER CAPITA BY THE STATEWIDE WEALTH PER CAPITA (COL 5).
- ASSUMES WEALTH IS A MEASURE OF ABILITY AND A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT"; HOWEVER, A BREAK IS GIVEN TO COUNTIES WITH BELOW THE AVERAGE STATEWIDE WEALTH.

METHOD

- THE FY 1986 REQUIRED "MAINTENANCE OF EFFORT" (COL 9) WOULD BE DERIVED BY INCREASING THE FY 1985 COUNTY ALLOCATION (COL 8) BY THE PERCENT OF INCREASE IN LOCAL WEALTH (COL 3) BETWEEN FY 1985 AND FY 1986 (COLS 1 & 2) ADJUSTED BY THE WEALTH INDEX (COL 6).

- If a county's wealth per capita is above the Statewide wealth per capita (Col 5), no adjustment is made to the percent of increase in wealth (Col 3). However, if a county's wealth per capita is below the Statewide wealth per capita, an adjustment to the percent of increase in wealth is made to Column 3 and reflected in Column 7.

Impact

- Fifteen (15) counties would have been required to increase their local appropriation for FY 1986 (Col 11).
- The Statewide FY 1986 county allocation (Col 10) would have been increased by $15,959,271 or 1.12% over the actual Statewide FY 1986 county allocation (Col 10).

Advantages

- Considers ability, based on increases in wealth, as a factor in determining "maintenance of effort".
- Considers ability, based on wealth per capita, as a factor in determining "maintenance of effort" in counties with below the average Statewide wealth.

Disadvantages

- Does not consider enrollment or inflation as factors in determining "maintenance of effort".

Option 5 — Table VI

Wealth Index and Allocation Index

Concept

- The FY 1985 total county allocation has been increased by the difference between the Wealth Index (percent county wealth per capita is of the Statewide wealth per capita) and the Allocation Index (percent county allocation per pupil is to the Statewide allocation per pupil). However, if the county Allocation Index is greater than the county Wealth Index, there is no increase required in the FY 1985 county allocation for FY 1986.
- "Maintenance of effort" would be based on a Wealth Index (Col 4) and an Allocation Index (Col 8), beginning with the preceding fiscal year as the base year for making the subsequent year determination.

- Assumes that wealth is a measure of ability and that allocation is a measure of effort, and that both ability and effort are factors in determining "maintenance of effort".

- Assumes that the Allocation Index (Effort) should be at least equal to the Wealth Index (Ability).

Method

- The Wealth Index (Col 4) would be calculated by dividing the local wealth per capita by the Statewide wealth per capita (Col 3).

- The Allocation Index (Col 8) would be calculated by dividing the county allocation per pupil by the Statewide allocation per pupil (Col 7).

- The FY 1986 required "maintenance of effort" (Col 10) would be derived by increasing the FY 1985 county allocation (Col 6) by the difference (Col 9) between the Wealth Index (Col 4) and the Allocation Index (Col 8), unless the Allocation Index exceeds the Wealth Index in which case there would be no required increase.

Impact

- Seventeen (17) counties would have been required to increase their local appropriation for FY 1986 (Col 12).

- The Statewide FY 1986 county allocation (Col 11) would have been increased by $40,544,207 or 2.85% over the actual Statewide FY 1986 county allocation (Col 11).

Advantages

- Considers ability, based on wealth per capita, as a factor in determining "maintenance of effort".

- Considers effort, based on allocation per pupil, as a factor in determining "maintenance of effort".

Disadvantages

- Does not consider enrollment or inflation as factors in determining "maintenance of effort".

OPTION 6 -- TABLE VII

WEALTH INDEX, ALLOCATION INDEX, AND CONSUMER PRICE INDEX

CONCEPT

- THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT COUNTY WEALTH PER CAPITA IS OF THE STATEWIDE WEALTH PER CAPITA) AND THE ALLOCATION INDEX (PERCENT COUNTY ALLOCATION PER PUPIL IS TO THE STATEWIDE ALLOCATION PER PUPIL). HOWEVER, IF THE CONSUMER PRICE INDEX IS GREATER THAN THE DIFFERENCE BETWEEN THE WEALTH INDEX AND THE ALLOCATION INDEX THEN THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE INCREASE IN THE CONSUMER PRICE INDEX.

- "MAINTENANCE OF EFFORT" WOULD BE BASED ON THE DIFFERENCE BETWEEN THE WEALTH INDEX (COL 4) AND THE ALLOCATION INDEX (COL 8) OR THE CONSUMER PRICE INDEX (COL 10), WHICHEVER IS GREATER, BEGINNING WITH THE PRECEDING FISCAL YEAR AS THE BASE YEAR FOR MAKING THE SUBSEQUENT YEAR DETERMINATION.

- ASSUMES THAT WEALTH IS A MEASURE OF ABILITY, THAT ALLOCATION IS A MEASURE OF EFFORT, THAT THE CONSUMER PRICE INDEX IS A MEASURE OF INFLATION, AND THAT ABILITY, EFFORT, AND INFLATION ARE ALL FACTORS IN DETERMINING "MAINTENANCE OF EFFORT".

- ASSUMES THAT THE DIFFERENCE BETWEEN THE WEALTH INDEX (ABILITY) AND THE ALLOCATION INDEX (EFFORT) SHOULD BE AT LEAST EQUAL TO OR GREATER THAN THE CONSUMER PRICE INDEX (INFLATION).

METHOD

- THE WEALTH INDEX (COL 4) WOULD BE CALCULATED BY DIVIDING THE LOCAL WEALTH PER CAPITA BY THE STATEWIDE WEALTH PER CAPITA (COL 3).

- THE ALLOCATION INDEX (COL 8) WOULD BE CALCULATED BY DIVIDING THE COUNTY ALLOCATION PER STUDENT BY THE STATEWIDE ALLOCATION PER STUDENT (COL 7).

- THE CONSUMER PRICE INDEX (COL 10) WOULD BE BASED ON THE RATE OF INFLATION AS MEASURED BY CONSUMER PRICE INDEX.

- THE FY 1986 REQUIRED "MAINTENANCE OF EFFORT" (COL 11) WOULD BE DERIVED BY INCREASING THE FY 1985 COUNTY ALLOCATION (COL 6) BY THE DIFFERENCE (COL 9) BETWEEN THE WEALTH INDEX (COL 4) AND THE ALLOCATION INDEX (COL 8) PROVIDED THE DIFFERENCE (COL 9) IS GREATER THAN THE

INCREASE IN THE CONSUMER PRICE INDEX (COL 10). IF THE DIFFERENCE (COL 9) IS LESS THAN THE INCREASE IN THE CONSUMER PRICE INDEX (COL 10), THE FY 1985 COUNTY ALLOCATION (COL 6) WOULD BE INCREASED BY THE AMOUNT OF INCREASE IN THE CONSUMER PRICE INDEX (COL 10).

IMPACT

- EIGHTEEN (18) COUNTIES WOULD HAVE BEEN REQUIRED TO INCREASE THEIR LOCAL APPROPRIATION FOR FY 1986 (COL 13).
- THE STATEWIDE FY 1986 COUNTY ALLOCATION (COL 12) WOULD HAVE BEEN INCREASED BY $40,814,720 OR 2.87% OVER THE ACTUAL STATEWIDE FY 1986 COUNTY ALLOCATION (COL 12).

ADVANTAGES

- CONSIDERS ABILITY, BASED ON WEALTH PER CAPITA, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".
- CONSIDERS EFFORT, BASED ON ALLOCATION PER PUPIL, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".
- CONSIDERS INFLATION, BASED ON THE CONSUMER PRICE INDEX, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

DISADVANTAGES

- DOES NOT CONSIDER ENROLLMENT AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

OPTION 7 -- TABLE VIII

WEALTH INDEX, ALLOCATION INDEX, AND CONSUMER PRICE INDEX EXCLUDING HIGH COUNTY AND LOW COUNTY

CONCEPT

- THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT THE COUNTY WEALTH PER CAPITA IS OF THE STATEWIDE WEALTH PER CAPITA EXCLUSIVE OF THE HIGH AND LOW COUNTIES) AND THE ALLOCATION INDEX (PERCENT THE COUNTY ALLOCATION IS OF THE STATEWIDE ALLOCATION PER PUPIL EXCLUSIVE OF THE HIGH AND LOW COUNTIES). HOWEVER, IF THE CONSUMER PRICE INDEX IS GREATER THAN THE DIFFERENCE BETWEEN THE WEALTH INDEX AND THE ALLOCATION INDEX, THEN THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE INCREASE IN THE CONSUMER PRICE INDEX.
- "MAINTENANCE OF EFFORT" WOULD BE BASED ON A WEALTH INDEX (COL 4), ALLOCATION INDEX (COL 8), AND CONSUMER PRICE INDEX (COL 10), EXCLUDING THE HIGH AND LOW COUNTY, BEGINNING WITH THE PRECEDING FISCAL YEAR AS THE BASE YEAR FOR MAKING THE SUBSEQUENT YEAR DETERMINATION.

- Assumes that wealth is a measure of ability, that allocation is a measure of effort, that the Consumer Price Index is a measure of inflation, and that ability, effort, and inflation are all factors in determining "maintenance of effort".

- Assumes that the difference between the Wealth Index (Ability) and the Allocation Index (Effort) should be at least equal to or greater than the Consumer Price Index (Inflation).

Method

- The Wealth Index (Col 4) would be calculated by dividing the local wealth per capita by the Statewide wealth per capita (Col 3), excluding the high and low wealth county.

- The Allocation Index (Col 8) would be calculated by dividing the county allocation per student by the Statewide allocation per student (Col 7), excluding the high and low wealth county.

- The Consumer Price Index (Col 10) would be based on the rate of inflation as measured by the Consumer Price Index.

- The FY 1986 required "maintenance of effort" (Col 11) would be derived by increasing the FY 1985 county allocation (Col 6) by the difference (Col 9) between the Wealth Index (Col 4) and the Allocation Index (Col 8) provided the difference (Col 9) is greater than the increase in the Consumer Price Index (Col 10). If the difference (Col 9) is less than the increase in the Consumer Price Index (Col 10), the FY 1985 county allocation (Col 6) would be increased by the amount of increase in the Consumer Price Index (Col 10).

Impact

- Sixteen (16) counties would have been required to increase their local appropriation for FY 1986 (Col 13).

- The Statewide FY 1986 county allocation (Col 12) would have been increased by $38,700,041 or 2.72% over the actual Statewide FY 1986 county allocation (Col 12).

Advantages

- Considers ability, based on wealth per capita, as a factor in determining "maintenance of effort".

- Considers effort, based on allocation per pupil, as a factor in determining "maintenance of effort".

- Eliminates the high county and the low county in calculating the Wealth Index and the Allocation Index.

- Considers inflation, based on the Consumer Price Index, as a factor in determining "maintenance of effort".

Disadvantages

- Does not consider enrollment as a factor in determining "maintenance of effort".

OPTION 8 -- TABLE IX

WEALTH INDEX, ALLOCATION INDEX, AND CONSUMER PRICE INDEX STATEWIDE REGIONALIZATION

Concept

- The FY 1985 total county allocation has been increased by the difference between the Wealth Index (percent the county wealth per capita is of the regional wealth per capita) and the Allocation Index (percent the county allocation is of the regional allocation per pupil). However, if the Consumer Price Index is greater then the difference between the Wealth Index and the Allocation Index, then the FY 1985 total allocation has been increased by the increase in the Consumer Price Index.

- "Maintenance of effort" would be based on a Wealth Index (Col 4), Allocation Index (Col 8), and Consumer Price Index (Col 10), based on Statewide regionalization, beginning with the preceding fiscal year as the base year for making the subsequent year determination.

- Assumes that wealth is a measure of ability, that allocation is a measure of effort, that the Consumer Price Index is a measure of inflation, and that ability, effort, and inflation are all factors in determining "maintenance of effort".

- Assumes that the difference between the Wealth Index (Ability) and the Allocation Index (Effort) should be at least equal to or greater than the Consumer Price Index (Inflation).

Method

- The Wealth Index (Col 4) would be calculated by dividing the local wealth per capita by the regional wealth per capita (Col 3).

- THE ALLOCATION INDEX (COL 8) WOULD BE CALCULATED BY DIVIDING THE COUNTY ALLOCATION PER STUDENT BY THE REGIONAL ALLOCATION PER STUDENT (COL 7).

- THE CONSUMER PRICE INDEX (COL 10) WOULD BE BASED ON THE RATE OF INFLATION AS MEASURED BY THE CONSUMER PRICE INDEX.

- THE FY 1986 REQUIRED "MAINTENANCE OF EFFORT" (COL 11) WOULD BE DERIVED BY INCREASING THE FY 1985 COUNTY ALLOCATION (COL 6) BY THE DIFFERENCE (COL 9) BETWEEN THE WEALTH INDEX (COL 4) AND THE ALLOCATION INDEX (COL 8) PROVIDED THE DIFFERENCE (COL 9) IS GREATER THAN THE INCREASE IN THE CONSUMER PRICE INDEX (COL 10). IF THE DIFFERENCE (COL 9) IS LESS THAN THE INCREASE IN THE CONSUMER PRICE INDEX (COL 10), THE FY 1985 COUNTY ALLOCATION (COL 6) WOULD BE INCREASED BY THE AMOUNT OF INCREASE IN THE CONSUMER PRICE INDEX (COL 10).

IMPACT

- ELEVEN (11) COUNTIES WOULD HAVE BEEN REQUIRED TO INCREASE THEIR LOCAL APPROPRIATION FOR FY 1986 (COL 13).

- THE STATEWIDE FY 1986 COUNTY ALLOCATION (COL 12) WOULD HAVE BEEN INCREASED BY $29,537,286 OR 2.08% OVER THE ACTUAL STATEWIDE FY 1986 COUNTY ALLOCATION (COL 12).

ADVANTAGES

- CONSIDERS ABILITY, BASED ON WEALTH PER CAPITA, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

- CONSIDERS EFFORT, BASED ON ALLOCATION PER PUPIL, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

- INCLUDES THE DIVISION OF THE STATE INTO REGIONS.

- CONSIDERS INFLATION, BASED ON THE CONSUMER PRICE INDEX, AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

DISADVANTAGES

- DOES NOT CONSIDER ENROLLMENT AS A FACTOR IN DETERMINING "MAINTENANCE OF EFFORT".

V. SUMMARY

IN THE 1986 SESSION OF THE MARYLAND GENERAL ASSEMBLY, THE JOINT HOUSE APPROPRIATIONS COMMITTEE AND SENATE BUDGET AND TAXATION COMMITTEE REQUESTED THE MARYLAND STATE DEPARTMENT OF EDUCATION TO RECOMMEND ADDITIONAL ALTERNATIVES FOR SATISFYING A "MAINTENANCE OF EFFORT" REQUIREMENT ON THE PART OF LOCAL EDUCATION AGENCIES.

THIS REQUEST WAS A DIRECT OUTGROWTH OF THE GENERAL ASSEMBLY'S CONCERN THAT LOCAL PARTICIPATION IN THE COST OF PUBLIC EDUCATION WAS NOT KEEPING PACE WITH THE STATE'S CONTRIBUTION. THIS CONCERN IS BASED IN PART ON THE FACT THAT STATE CONTRIBUTIONS TOWARD THE FUNDING OF PUBLIC EDUCATION HAVE INCREASED 18.5% SINCE FISCAL YEAR 1984 WHILE LOCAL CONTRIBUTIONS HAVE INCREASED 14.5%. A SUMMARY OF THE STATE AND LOCAL INCREASES MAY BE FOUND IN TABLE X OF THE REPORT.

THE CHARGE UNDERTAKEN BY THE MARYLAND STATE DEPARTMENT OF EDUCATION, WHEREIN ALTERNATIVE APPROACHES TO A "MAINTENANCE OF EFFORT" REQUIREMENT WERE TO BE EXPLORED, WAS TO ENSURE THAT LOCAL PARTICIPATION IN THE COST OF LOCAL PUBLIC EDUCATION SHOULD INCREASE BASED ON ANY ONE OR COMBINATION OF VARIABLES THAT CAN OR SHOULD BE A BASIS FOR IMPACTING ON A LOCAL EDUCATION AGENCY'S LEVEL OF CONTRIBUTION. THE FOUR VARIABLES CONSIDERED BY THE MARYLAND STATE DEPARTMENT OF EDUCATION IN THEIR ALTERNATIVE APPROACHES WERE CONSUMER PRICE INDEX, INCREASES IN ENROLLMENT, INCREASES IN WEALTH, AND A WEALTH INDEX PER CAPITA COMPARED TO AN ALLOCATION INDEX PER PUPIL. THE ACCEPTANCE OF ANY ONE OR COMBINATION OF THE FOUR VARIABLES AS A BASIS FOR DETERMINING A LOCAL EDUCATION AGENCY'S LEVEL OF CONTRIBUTION DEPENDS, TO A LARGE EXTENT, UPON ONE'S PHILOSOPHY AND PERSPECTIVE.

INASMUCH AS THE CHARGE WAS TO PRESENT ALTERNATIVE APPROACHES, THE MARYLAND STATE DEPARTMENT OF EDUCATION HAS PREPARED EIGHT OPTIONS, REFERENCED IN TABLE I OF THE REPORT, USING ONE OR MORE OF THE FOUR VARIABLES. THE EIGHT OPTIONS ARE ONLY INTENDED TO BE VIEWED AS BROAD CONCEPTS FOR ARRIVING AT A LOCAL "MAINTENANCE OF EFFORT" REQUIREMENT AND DO NOT ADDRESS ANY IMPLEMENTATION OR PHASE-IN OF THE CONCEPTS BASED ON THEIR FISCAL IMPACT. A SUMMARY OF THE EIGHT OPTIONS FOLLOWS.

THE FIRST OPTION, WHICH TAKES INTO CONSIDERATION THE CONSUMER PRICE INDEX, RESULTS IN ONE COUNTY THAT WOULD HAVE BEEN REQUIRED TO INCREASE ITS LOCAL CONTRIBUTION OVER ITS FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $74,627.

THE SECOND OPTION, WHICH TAKES INTO CONSIDERATION THE CONSUMER PRICE INDEX AND AN ENROLLMENT INCREASE, RESULTS IN EIGHT COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR LOCAL CONTRIBUTION OVER THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $6,381,726.

THE THIRD OPTION, WHICH TAKES INTO CONSIDERATION THE PERCENT OF INCREASE IN WEALTH, RESULTS IN SIXTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $21,904,065.

THE FOURTH OPTION, WHICH TAKES INTO CONSIDERATION THE PERCENT OF INCREASE IN WEALTH ADJUSTED FOR A WEALTH INDEX, RESULTS IN FIFTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $15,959,271.

THE FIFTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX AND ALLOCATION INDEX, RESULTS IN SEVENTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $40,544,207.

THE SIXTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX, RESULTS IN EIGHTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $40,814,720.

THE SEVENTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX (EXCLUDING THE HIGH COUNTY AND LOW COUNTY), RESULTS IN SIXTEEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ACTUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $38,700,041.

THE EIGHTH OPTION, WHICH TAKES INTO CONSIDERATION THE WEALTH INDEX, THE ALLOCATION INDEX, AND THE CONSUMER PRICE INDEX (STATEWIDE REGIONALIZATION), RESULTS IN ELEVEN COUNTIES THAT WOULD HAVE BEEN REQUIRED TO INCREASE THEIR FISCAL YEAR 1986 ANNUAL CONTRIBUTION. THE STATEWIDE INCREASE IN LOCAL APPROPRIATION, IF THIS OPTION HAD BEEN APPLIED, WOULD HAVE BEEN $29,537,286.

IN CONCLUSION, THE MARYLAND STATE DEPARTMENT OF EDUCATION RECOGNIZES THAT THERE MAY BE AS MANY OPTIONS FOR ESTABLISHING A "MAINTENANCE OF EFFORT" REQUIREMENT AS THERE ARE VARIABLES TO BE CONSIDERED. THE MOST APPROPRIATE OPTION IN ADDRESSING THIS CONCERN DEPENDS TO A GREAT EXTENT UPON ONE'S PHILOSOPHY REGARDING THE FUNDING OF PUBLIC EDUCATION AND ONE'S SENSITIVITIES TO THE FISCAL IMPACT ON LOCAL EDUCATION AGENCIES. IT IS HOPED THAT THE EIGHT OPTIONS PRESENTED BY THE MARYLAND STATE DEPARTMENT OF EDUCATION WILL BE OF ASSISTANCE IN ADDRESSING THIS CONCERN.

MDE86
TABLE I
SUMMARY OF OPTIONS
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT
SUMMARY OF OPTIONS

COUNTY	OPTION 1 TABLE II REQUIRED FY 1986 INCREASE	OPTION 2 TABLE III REQUIRED FY 1986 INCREASE	OPTION 3 TABLE IV REQUIRED FY 1986 INCREASE	OPTION 4 TABLE V REQUIRED FY 1986 INCREASE	OPTION 5 TABLE VI REQUIRED FY 1986 INCREASE	OPTION 6 TABLE VII REQUIRED FY 1986 INCREASE	OPTION 7 TABLE VIII REQUIRED FY 1986 INCREASE	OPTION 8 TABLE IX REQUIRED FY 1986 INCREASE
ALLEGANY	0	726,216	746,039	512,527	1,158,311	1,158,311	897,841	726,216
ANNE ARUNDEL	0	0	0	0	0	0	0	0
BALTIMORE CITY	0	4,886,854	6,414,976	3,318,164	4,555,320	4,886,854	4,886,854	7,473,946
BALTIMORE	0	0	2,415,582	2,415,582	0	0	0	0
CALVERT	0	177,213	82,198	82,198	9,814,451	9,814,451	9,245,192	2,579,592
CAROLINE	0	0	19,296	0	99,784	99,784	65,575	0
CARROLL	0	143,293	948,028	825,280	4,717,423	4,717,423	4,489,648	6,266,835
CECIL	0	271,142	836,448	479,348	948,128	948,128	685,313	271,142
CHARLES	0	0	349,291	237,702	4,844,958	4,844,958	4,875,326	0
DORCHESTER	74,627	165,116	205,152	115,838	487,369	487,369	372,339	165,116
FREDERICK	0	0	546,356	378,155	2,883,385	2,883,385	2,214,233	0
GARRETT	0	72,914	97,473	33,889	1,326,771	1,326,771	1,378,944	1,164,368
HARFORD	0	0	1,382,628	981,983	4,223,836	4,223,836	3,689,554	6,844,838
HOWARD	0	0	0	0	0	0	0	0
KENT	0	0	0	0	11,482	11,482	0	0
MONTGOMERY	0	0	3,828,474	3,828,474	0	0	0	0
PRINCE GEORGE'S	0	0	2,835,478	1,925,651	0	0	0	4,754,618
QUEEN ANNE'S	0	0	0	0	39,383	39,383	0	0
ST MARY'S	0	18,979	769,861	391,391	0	18,979	18,979	18,979
SOMERSET	0	0	0	0	372,182	372,182	386,682	73,293
TALBOT	0	0	441,985	441,985	1,929,558	1,929,558	1,815,128	0
WASHINGTON	0	0	0	0	0	0	0	0
WICOMICO	0	0	0	0	986,948	986,948	768,679	0
WORCESTER	0	0	0	0	3,825,894	3,825,894	3,798,642	0
TOTAL STATE	74,627	6,381,726	21,984,865	15,959,271	40,544,287	40,814,728	38,788,841	29,537,286

OPTION 1--CPI
OPTION 2--CPI PLUS ENROLLMENT INCREASE
OPTION 3--PERCENT OF INCREASE IN WEALTH
OPTION 4--PERCENT OF INCREASE IN WEALTH ADJUSTED FOR WEALTH INDEX
OPTION 5--WEALTH INDEX AND ALLOCATION INDEX
OPTION 6--WEALTH INDEX, ALLOCATION INDEX, AND CPI
OPTION 7--WEALTH INDEX, ALLOCATION INDEX, AND CPI (EXCLUDING HIGH COUNTY AND LOW COUNTY)
OPTION 8--WEALTH INDEX, ALLOCATION INDEX, AND CPI (STATEWIDE REGIONALIZATION)

SUMMARY OF VARIABLES

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7	OPTION 8
CPI	XXXXXXXXXX	XXXXXXXXXX				XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
ENROLL INCREASE		XXXXXXXXXX						
WEALTH			XXXXXXXXXX	XXXXXXXXXX				
WEALTH/CAPITA				XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
ALLOCATION	XXXXXXXXXX				XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
LESS HIGH & LOW							XXXXXXXXXX	
STATE REGIONS								XXXXXXXXXX
LEA IMPACT	1	8	16	15	17	18	16	11
FISCAL IMPACT	74,627	6,381,726	21,984,865	15,959,271	40,544,287	40,814,728	38,788,841	29,537,286

TABLE II
CONSUMER PRICE INDEX
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 1
BASED ON CONSUMER PRICE INDEX

COUNTY	COLUMN 1 1984 ALLOC PER PUPIL	COLUMN 2 ALLOC/PUP FY 1985 82/83 CPI 8.842	COLUMN 3 REQ/ALLOC FY 1986 83/84 CPI 8.849	COLUMN 4 ALLOC PER PUPIL 1986	COLUMN 5 PER PUPIL DIFFERENCE 1984-1986	COLUMN 6 ENROLLMENT SEPT 1984	COLUMN 7 REQ. COUNTY ALLOC FY 1986 BASED ON CPI	COLUMN 8 COUNTY ALLOC FY 1986	COLUMN 9 REQUIRED FY 1986 INCREASE
ALLEGANY	1,197	1,247	1,308	1,313	5	11,287.50	14,765,874	14,820,000	0
ANNE ARUNDEL	1,706	1,777	1,865	2,147	282	61,199.75	114,110,545	131,378,534	0
BALTIMORE CITY	1,088	1,058	1,101	1,122	21	105,709.75	116,417,075	110,616,601	0
BALTIMORE	2,561	2,668	2,799	3,075	275	78,272.75	219,091,688	240,655,571	0
CALVERT	2,165	2,256	2,366	2,427	61	7,610.25	18,007,713	18,472,000	0
CAROLINE	968	1,009	1,058	1,159	101	4,135.00	4,374,983	4,791,526	0
CARROLL	1,358	1,415	1,485	1,585	100	18,628.50	27,655,817	29,517,891	0
CECIL	1,213	1,264	1,326	1,371	45	11,598.50	15,379,876	15,980,000	0
CHARLES	1,387	1,362	1,429	1,521	92	16,177.00	23,112,995	24,604,680	0
DORCHESTER	1,319	1,374	1,441	1,426	-16	4,734.50	6,824,627	6,750,000	74,627
FREDERICK	1,516	1,588	1,657	1,749	92	22,585.25	37,291,876	39,353,000	0
GARRETT	928	967	1,014	1,059	45	5,104.50	5,177,084	5,486,315	0
HARFORD	1,367	1,424	1,494	1,572	78	26,337.00	39,344,529	41,394,834	0
HOWARD	2,365	2,464	2,585	2,958	374	23,469.25	68,661,972	69,431,810	0
KENT	1,517	1,581	1,659	1,866	207	2,335.00	3,872,881	4,356,296	0
MONTGOMERY	3,427	3,571	3,746	4,128	382	87,587.50	327,833,158	361,218,971	0
PRINCE GEORGE'S	1,667	1,737	1,822	1,969	148	102,383.75	186,377,237	201,474,831	0
QUEEN ANNE'S	1,587	1,653	1,734	1,993	258	4,453.25	7,723,581	8,873,778	0
ST MARY'S	1,360	1,418	1,487	1,532	45	10,305.00	15,324,474	15,784,800	0
SOMERSET	889	843	884	937	53	3,143.50	2,778,664	2,946,395	0
TALBOT	2,053	2,139	2,244	2,346	102	3,534.50	7,931,985	8,291,826	0
WASHINGTON	1,481	1,543	1,619	1,686	68	16,963.50	27,456,825	28,687,670	0
WICOMICO	1,170	1,220	1,279	1,499	220	10,785.50	13,799,048	16,168,066	0
WORCESTER	2,393	2,494	2,616	3,024	408	4,802.50	12,563,242	14,521,811	0
TOTAL STATE	1,856	1,933	2,028	2,214	186	642,983.50	1,383,921,811	1,423,338,814	74,627

CONCEPT--CPI
THE FY 1984 COUNTY ALLOCATION PER PUPIL HAS BEEN INCREASED BY THE CPI FOR FY 1985 AND FY 1986.

TABLE III
CPI PLUS ENROLLMENT INCREASE
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 2
BASED ON CONSUMER PRICE INDEX AND ENROLLMENT INCREASES

COUNTY	COLUMN 1 FY 1985 COUNTY ALLOC	COLUMN 2 ADJ FOR CPI 0.049	COLUMN 3 FY 1986 ENROLLMENT SEPT 1984	COLUMN 4 FY 1985 ENROLLMENT SEPT 1983	COLUMN 5 FY 1985-86 ENROLLMENT % INC	COLUMN 6 FY 1986 REQ ALLOC ADJ FOR ENROLL INCREASE	COLUMN 7 COUNTY ALLOC FY 1986	COLUMN 8 REQUIRED FY 1986 INCREASE
ALLEGANY	14,820,797	726,219	11,287.50	11,781.50	0.0000	15,547,016	14,820,800	726,216
ANNE ARUNDEL	117,957,715	5,779,920	61,199.75	62,164.00	0.0000	123,737,643	131,378,534	0
BALTIMORE CITY	117,650,203	5,765,252	105,789.75	100,070.25	0.0000	123,423,455	118,616,601	4,806,854
BALTIMORE	226,171,964	11,082,426	70,272.75	81,377.50	0.0000	237,254,390	240,655,571	0
CALVERT	17,488,998	856,961	7,618.25	7,486.50	0.0165	18,649,213	18,472,000	177,213
CAROLINE	4,343,369	212,825	4,135.00	4,194.00	0.0000	4,556,194	4,791,526	0
CARROLL	28,138,885	1,378,805	18,628.50	18,530.30	0.0049	29,661,184	29,517,891	143,293
CECIL	15,415,769	755,373	11,598.50	11,797.50	0.0000	16,171,142	15,900,000	271,142
CHARLES	22,434,953	1,099,313	16,177.00	16,311.25	0.0000	23,534,266	24,684,680	0
DORCHESTER	6,592,103	323,013	4,734.50	4,876.00	0.0000	6,915,116	6,750,000	165,116
FREDERICK	36,884,383	1,807,415	22,585.25	22,363.75	0.0063	38,852,077	39,353,000	0
GARRETT	5,223,288	255,941	5,184.50	5,115.75	0.0000	5,479,229	5,406,315	72,914
HARFORD	39,423,651	1,931,759	26,337.00	26,003.63	0.0000	41,355,410	41,394,034	0
HOWARD	61,337,763	3,005,550	23,469.25	23,193.50	0.0119	65,108,298	69,431,810	0
KENT	3,995,326	195,771	2,335.00	2,370.00	0.0000	4,191,097	4,356,296	0
MONTGOMERY	330,035,050	16,171,718	87,587.50	87,391.25	0.0013	346,667,389	361,218,971	0
PRINCE GEORGE'S	191,106,700	9,364,228	102,303.75	104,803.75	0.0000	200,470,928	201,474,831	0
QUEEN ANNE'S	7,596,691	372,238	4,453.25	4,403.50	0.0113	8,058,960	8,073,770	0
ST MARY'S	15,865,566	738,213	10,305.00	10,383.00	0.0000	15,803,779	15,784,800	18,979
SOMERSET	2,737,083	134,117	3,143.50	3,218.00	0.0000	2,871,200	2,946,395	0
TALBOT	7,892,692	386,742	3,534.50	3,531.50	0.0000	8,286,467	8,291,826	0
WASHINGTON	27,087,668	1,323,376	16,963.50	17,301.00	0.0000	28,331,044	28,687,670	0
WICOMICO	14,583,350	714,585	10,705.50	10,829.50	0.0000	15,297,943	16,168,066	0
WORCESTER	12,432,600	609,198	4,802.50	4,760.50	0.0000	13,156,868	14,521,814	0
TOTAL STATE	1,326,264,591	64,986,965	642,983.50	653,865.51	0.0000	1,393,388,228	1,423,338,814	6,381,726

CONCEPT-CPI PLUS ENROLLMENT INCREASE
THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE PERCENT OF INCREASE IN THE CPI AND BY THE PERCENT OF INCREASE IN ENROLLMENT.

TABLE IV
% WEALTH INC
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 3
BASED ON WEALTH

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 WEALTH FY 1986	COLUMN 3 FY 1985-86 WEALTH % INC	COLUMN 4 FY 1985 COUNTY ALLOC	COLUMN 5 REQ FY 1986 COUNTY ALLOC	COLUMN 6 FY 1986 COUNTY ALLOC	COLUMN 7 REQUIRED FY 1986 INCREASE
ALLEGANY	940,581,970	987,979,315	0.0504	14,820,797	15,567,639	14,820,800	746,839
ANNE ARUNDEL	6,748,886,839	7,493,860,911	0.1011	117,957,715	129,881,900	131,370,534	0
BALTIMORE CITY	7,711,720,917	8,194,997,873	0.0627	117,698,283	125,831,577	118,616,601	6,414,976
BALTIMORE	12,242,829,149	13,156,732,995	0.0747	226,171,964	243,071,153	240,655,571	2,415,582
CALVERT	1,132,339,289	1,201,386,488	0.0609	17,488,998	18,954,198	18,872,008	82,190
CAROLINE	258,515,139	286,337,716	0.1076	4,343,369	4,810,822	4,791,526	19,296
CARROLL	1,723,645,873	1,865,697,388	0.0824	28,130,885	30,457,919	29,517,891	940,028
CECIL	824,578,728	895,228,982	0.0857	15,415,769	16,736,448	15,900,008	836,440
CHARLES	1,358,268,288	1,518,767,428	0.1123	22,434,953	24,953,979	24,604,688	349,291
DORCHESTER	398,245,755	420,178,479	0.0551	6,592,183	6,995,192	6,790,008	205,152
FREDERICK	2,055,256,381	2,228,087,975	0.0841	36,804,383	39,899,396	39,353,008	546,396
GARRETT	367,383,143	387,112,262	0.0537	9,223,288	9,583,788	9,486,315	97,473
HARFORD	2,295,273,871	2,490,534,349	0.0851	39,423,651	42,777,462	41,394,834	1,382,628
HOWARD	3,139,285,391	3,488,689,353	0.1088	61,337,763	68,018,188	69,431,818	0
KENT	264,126,856	282,099,432	0.0680	3,995,326	4,267,189	4,356,296	0
MONTGOMERY	17,831,149,652	18,837,518,195	0.1061	338,835,858	365,039,449	361,218,971	3,820,474
PRINCE GEORGE'S	11,833,634,689	11,795,951,161	0.0691	191,186,788	204,318,389	201,474,831	2,835,478
QUEEN ANNE'S	481,688,859	533,816,912	0.1044	7,596,691	8,486,323	8,873,778	0
ST MARY'S	828,993,278	918,931,767	0.0988	15,865,566	16,954,661	15,784,888	769,861
SOMERSET	199,381,276	214,489,778	0.0762	2,737,883	2,945,673	2,946,395	0
TALBOT	647,584,318	716,588,422	0.1066	7,892,692	8,733,811	8,291,826	441,985
WASHINGTON	1,537,484,694	1,612,649,617	0.0489	27,887,668	28,328,825	28,687,678	0
WICOMICO	946,971,989	1,011,718,365	0.0684	14,583,358	15,588,453	16,168,866	0
WORCESTER	986,431,723	1,129,262,517	0.1448	12,432,688	14,232,793	14,521,811	0
TOTAL STATE	79,179,128,891	81,682,848,624	0.0859	1,326,264,591	1,448,618,262	1,423,338,814	21,984,865

CONCEPT-% INCREASE IN WEALTH
THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE PERCENT OF INCREASE IN LOCAL WEALTH.

TABLE V
WEALTH INDEX
07/29/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 4
BASED ON WEALTH ADJUSTED FOR STATEWIDE PER CAPITA INDEX

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 WEALTH FY 1986	COLUMN 3 FY 1985-86 WEALTH % INC	COLUMN 4 POPULATION JAN 1985	COLUMN 5 WEALTH PER CAPITA	COLUMN 6 WEALTH INDEX PER CAPITA	COLUMN 7 WEALTH % INC ADJUSTED FOR PER CAPITA	COLUMN 8 FY 1985 COUNTY ALLOC	COLUMN 9 REQ FY 1986 COUNTY ALLOC	COLUMN 10 FY 1986 COUNTY ALLOC	COLUMN 11 REQUIRED FY 1986 INCREASE
ALLEGANY	940,581,970	987,979,315	0.0504	76,500	12,915	0.6862627	0.0346	14,820,797	15,333,327	14,820,800	512,527
ANNE ARUNDEL	6,768,886,839	7,453,868,911	0.1011	391,600	19,032	1.0000000	0.1011	117,957,715	129,881,980	131,370,534	0
BALTIMORE CITY	7,711,720,917	8,194,997,873	0.0627	750,000	10,915	0.5800807	0.0363	117,650,283	121,934,765	118,616,601	3,318,164
BALTIMORE	12,242,029,149	13,156,732,995	0.0747	679,700	19,357	1.0000000	0.0747	226,171,964	243,071,153	240,655,571	2,415,582
CALVERT	1,132,339,209	1,201,386,488	0.0609	38,600	31,122	1.0000000	0.0609	17,488,998	18,554,198	18,472,000	82,198
CAROLINE	258,515,139	286,337,716	0.1076	23,300	12,289	0.6530282	0.0703	4,343,369	4,648,625	4,791,526	0
CARROLL	1,723,645,073	1,865,697,388	0.0824	184,500	17,008	0.9505191	0.0783	28,138,885	30,343,171	29,517,891	825,280
CECIL	824,578,720	895,220,982	0.0857	65,200	13,738	0.7296838	0.0625	15,415,769	16,379,348	15,900,800	479,348
CHARLES	1,358,268,288	1,518,767,420	0.1123	84,800	17,905	0.9557816	0.1073	22,434,953	24,842,398	24,604,600	237,782
DORCHESTER	398,245,755	428,178,479	0.0551	29,700	14,147	0.7517637	0.0414	6,592,183	6,865,838	6,750,800	115,038
FREDERICK	2,055,256,381	2,220,887,975	0.0841	125,200	17,796	0.9456534	0.0795	36,884,383	39,731,155	39,353,000	378,155
GARRETT	367,383,143	387,112,262	0.0537	26,600	14,553	0.7733281	0.0415	5,223,208	5,440,284	5,406,315	33,889
HARFORD	2,295,273,071	2,490,534,349	0.0851	150,300	16,570	0.8805166	0.0749	39,423,651	42,376,737	41,394,834	981,903
HOWARD	3,139,205,391	3,488,689,353	0.1000	137,000	25,486	1.0000000	0.1000	61,337,763	68,810,100	69,431,810	0
KENT	264,126,856	282,099,432	0.0680	16,400	17,201	0.9140348	0.0622	3,995,326	4,243,818	4,356,296	0
MONTGOMERY	17,831,149,652	18,837,518,195	0.1061	621,200	30,324	1.0000000	0.1061	330,835,950	365,039,445	361,218,971	3,820,474
PRINCE GEORGE'S	11,833,634,689	11,795,951,161	0.0691	673,200	17,522	0.9310925	0.0643	191,186,700	203,488,482	201,474,831	1,925,651
QUEEN ANNE'S	481,680,859	533,816,912	0.1066	27,400	19,493	1.0000000	0.1066	7,596,691	8,486,323	8,873,770	0
ST MARY'S	828,993,278	918,931,767	0.0908	64,900	14,036	0.7458391	0.0737	15,865,566	16,176,191	15,784,800	391,391
SOMERSET	199,381,276	214,489,778	0.0762	17,900	11,983	0.6367333	0.0485	2,737,883	2,869,899	2,946,395	0
TALBOT	647,584,318	716,588,422	0.1066	26,800	26,735	1.0000000	0.1066	7,892,692	8,733,811	8,291,826	441,985
WASHINGTON	1,537,484,694	1,612,649,617	0.0489	100,800	14,932	0.7934512	0.0388	27,887,668	28,955,387	28,687,670	0
WICOMICO	946,971,989	1,011,718,365	0.0684	65,100	15,541	0.8258147	0.0565	14,583,358	15,406,774	16,168,866	0
WORCESTER	986,431,723	1,129,262,517	0.1448	32,500	34,747	1.0000000	0.1448	12,432,698	14,232,793	14,521,811	0
TOTAL STATE	79,173,128,851	81,682,848,624	0.0855	4,336,200	18,819	1.0000000	0.0855	1,326,264,591	1,439,783,829	1,423,338,814	15,959,271

CONCEPT-PERCENT OF INCREASE IN WEALTH ADJUSTED FOR WEALH INDEX
THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE PERCENT OF INCREASE IN LOCAL WEALTH. HOWEVER, IF THE COUNTY WEALTH PER CAPITA IS LESS THAN THE STATEWIDE WEALTH PER CAPITA, THE PERCENT THAT THE LOCAL WEALTH PER CAPITA IS OF THE TOTAL WEALTH PER CAPITA IS MULTIPLIED BY THE PERCENT OF INCREASE IN COUNTY WEALTH TO ESTABLISH THE FY1986 MAINTENANCE OF EFFORT.

TABLE VI
WEALTH/ALLOCATION INDEX
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 5
BASED ON DIFFERENCE BETWEEN STATEWIDE WEALTH PER CAPITA INDEX AND STATEWIDE ALLOCATION PER STUDENT INDEX

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 POPULATION JAN 1984	COLUMN 3 WEALTH PER CAPITA	COLUMN 4 WEALTH INDEX	COLUMN 5 ENROLLMENT SEPT 1983	COLUMN 6 COUNTY ALLOC 1985	COLUMN 7 ALLOC PER PUPIL	COLUMN 8 ALLOC INDEX	COLUMN 9 DIFFERENCE BETWEEN INDEXES	COLUMN 10 REQ FY 1986 ALLOC	COLUMN 11 FY 1986 COUNTY ALLOC	COLUMN 12 REQUIRED FY 1986 INCREASE
ALLEGANY	940,581,970	77,300	12,168	0.6976	11,701.50	14,820,797	1,258	0.6194	0.0782	15,979,111	14,820,800	1,158,311
ANNE ARUNDEL	6,760,806,039	387,400	17,472	1.0017	62,164.00	117,957,715	1,898	0.9344	0.0673	125,900,863	131,370,534	0
BALTIMORE CITY	7,711,720,917	750,400	10,160	0.5830	100,870.25	117,650,283	1,089	0.5361	0.0469	123,171,921	118,616,601	4,555,320
BALTIMORE	12,242,829,149	674,300	18,155	1.0408	81,377.50	226,171,964	2,779	1.3686	0.0000	226,171,964	240,655,571	0
CALVERT	1,132,339,209	37,700	30,036	1.7219	7,486.50	17,488,990	2,336	1.1503	0.5716	27,486,451	18,472,000	9,014,451
CAROLINE	258,515,139	23,300	11,095	0.6361	4,194.00	4,343,369	1,036	0.5099	0.1261	4,891,230	4,791,526	99,704
CARROLL	1,723,645,073	102,500	16,816	0.9641	18,930.38	20,130,805	1,518	0.7474	0.2167	34,235,314	29,517,891	4,717,423
CECIL	824,570,720	64,200	12,844	0.7363	11,797.50	15,419,769	1,307	0.6434	0.0929	16,848,120	15,900,000	948,120
CHARLES	1,358,260,200	81,600	16,645	0.9543	16,311.25	22,434,953	1,375	0.6773	0.2770	28,649,638	24,604,688	4,044,950
DORCHESTER	398,245,755	29,900	13,319	0.7636	4,876.00	6,592,103	1,352	0.6657	0.0979	7,237,369	6,750,000	487,369
FREDERICK	2,855,256,381	123,000	16,799	0.9588	22,363.75	36,884,303	1,646	0.8104	0.1476	42,236,305	39,353,000	2,883,305
GARRETT	367,383,143	26,600	13,811	0.7918	5,119.75	9,223,200	1,821	0.5020	0.2891	6,733,886	5,406,315	1,326,771
HARFORD	2,295,273,871	149,300	15,374	0.8814	26,083.63	39,423,691	1,471	0.7243	0.1571	45,617,870	41,394,834	4,223,036
HOWARD	3,139,295,391	133,000	23,603	1.3532	23,193.50	61,337,763	2,645	1.3022	0.0509	64,462,250	69,431,810	0
KENT	264,126,856	16,400	16,105	0.9233	2,370.00	3,995,326	1,686	0.8301	0.0932	4,367,778	4,356,296	11,482
MONTGOMERY	17,831,149,652	612,000	27,829	1.5954	87,391.25	330,035,050	3,777	1.8596	0.0000	330,035,050	361,218,971	0
PRINCE GEORGE'S	11,833,634,689	671,200	16,439	0.9424	104,003.75	191,106,700	1,823	0.8979	0.0445	199,618,427	201,474,031	0
QUEEN ANNE'S	481,680,059	27,000	17,840	1.0228	4,483.50	7,596,691	1,725	0.8495	0.1733	8,913,161	8,873,778	39,383
ST MARY'S	828,993,270	43,700	13,814	0.7461	10,383.00	15,869,966	1,451	0.7145	0.0316	15,541,936	15,784,800	0
SOMERSET	199,301,276	18,100	11,011	0.6313	3,210.00	2,737,003	851	0.4188	0.2125	3,318,577	2,946,395	372,182
TALBOT	647,984,310	26,600	24,342	1.3956	3,531.50	7,092,692	2,239	1.1025	0.2930	10,221,384	8,291,826	1,929,558
WASHINGTON	1,537,484,694	109,000	14,105	0.8087	17,301.00	27,887,668	1,561	0.7687	0.0400	28,887,725	28,687,670	0
WICOMICO	946,971,989	65,100	14,546	0.8340	10,829.50	14,583,358	1,347	0.6631	0.1709	17,875,814	16,168,866	986,948
WORCESTER	986,431,723	37,100	30,730	1.7618	4,760.50	12,432,600	2,612	1.2860	0.4758	18,347,705	14,521,811	3,825,894
TOTAL STATE	79,173,170,091	4,389,700	17,443	1.0000	693,869.91	1,926,264,991	2,031	1.0000	0.0000	1,485,148,257	1,423,338,814	48,544,287

CONCEPT-WEALTH INDEX AND ALLOCATION INDEX

THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT COUNTY WEALTH PER CAPITA IS OF THE STATEWIDE WEALTH PER CAPITA) AND THE ALLOCATION INDEX (PERCENT COUNTY ALLOCATION IS TO THE STATEWIDE ALLOCATION PER PUPIL). HOWEVER, IF THE COUNTY ALLOCATION INDEX IS GREATER THAN THE COUNTY WEALTH INDEX, THERE IS NO INCREASE REQUIRED IN THE FY 1985 COUNTY ALLOCATION FOR FY 1986.

TABLE VII
WEALTH/ALLOC/CPI
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 6
BASED ON CPI OR DIFFERENCE BETWEEN STATEWIDE WEALTH PER CAPITA INDEX AND ALLOCATION PER STUDENT INDEX, WHICHEVER IS GREATER

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 POPULATION JAN 1984	COLUMN 3 WEALTH PER CAPITA	COLUMN 4 WEALTH INDEX	COLUMN 5 ENROLLMENT SEPT 1983	COLUMN 6 COUNTY ALLOC 1985	COLUMN 7 ALLOC PER PUPIL	COLUMN 8 ALLOC INDEX	COLUMN 9 DIFFERENCE BETWEEN INDEXES	COLUMN 10 DIFFERENCE ADJ FOR CPI 0.049	COLUMN 11 REQ FY 1986 ALLOC	COLUMN 12 FY 1986 COUNTY ALLOC	COLUMN 13 REQUIRED FY 1986 INCREASE
ALLEGANY	948,581,970	77,300	12,168	0.6976	11,781.50	14,820,797	1,258	0.6194	0.0782	0.0782	15,979,111	14,820,800	1,158,311
ANNE ARUNDEL	6,768,886,039	387,400	17,472	1.0017	62,164.00	117,957,715	1,898	0.9344	0.0673	0.0673	125,980,863	131,378,534	0
BALTIMORE CITY	7,711,720,917	758,400	10,168	0.5830	108,078.25	117,658,203	1,089	0.5361	0.0469	0.0490	123,423,455	118,616,601	4,806,854
BALTIMORE	12,242,829,149	674,300	18,155	1.0408	81,377.50	226,171,964	2,779	1.3686	0.0000	0.0490	237,254,390	248,655,571	0
CALVERT	1,132,339,209	37,700	30,036	1.7219	7,486.50	17,480,998	2,336	1.1503	0.5716	0.5716	27,486,451	18,472,000	9,014,451
CAROLINE	258,515,139	23,300	11,095	0.6361	4,194.00	4,343,369	1,036	0.5099	0.1261	0.1261	4,891,230	4,791,526	99,704
CARROLL	1,723,645,873	102,500	16,816	0.9641	18,538.38	28,138,805	1,518	0.7474	0.2167	0.2167	34,235,314	29,517,891	4,717,423
CECIL	824,578,728	64,200	12,844	0.7363	11,797.50	15,415,769	1,307	0.6434	0.0929	0.0929	16,848,128	15,900,000	948,128
CHARLES	1,358,268,288	81,600	16,645	0.9543	16,311.25	22,434,953	1,375	0.6773	0.2770	0.2770	28,649,638	24,684,680	4,844,958
DORCHESTER	398,245,755	29,900	13,319	0.7636	4,876.00	6,592,183	1,352	0.6657	0.0979	0.0979	7,237,369	6,750,000	487,369
FREDERICK	2,855,256,381	123,000	16,709	0.9580	22,363.75	36,884,383	1,646	0.8104	0.1476	0.1476	42,236,385	39,353,000	2,883,385
GARRETT	367,383,143	26,600	13,811	0.7918	5,115.75	5,223,200	1,021	0.5028	0.2891	0.2891	6,733,006	5,406,315	1,326,771
HARFORD	2,295,273,871	149,300	15,374	0.8814	26,883.63	39,423,651	1,471	0.7243	0.1571	0.1571	45,617,870	41,394,834	4,223,036
HOWARD	3,139,285,391	133,000	23,603	1.3532	23,193.50	61,337,763	2,645	1.3022	0.0509	0.0509	64,462,250	69,431,810	0
KENT	264,126,856	16,400	16,105	0.9233	2,370.00	3,995,326	1,686	0.8301	0.0932	0.0932	4,367,770	4,356,296	11,482
MONTGOMERY	17,031,149,652	612,000	27,829	1.5954	87,391.25	338,035,058	3,777	1.8596	0.0000	0.0490	346,286,776	361,218,971	0
PRINCE GEORGE'S	11,033,634,689	671,200	16,439	0.9424	184,883.75	191,186,788	1,023	0.8979	0.0445	0.0490	200,478,928	201,474,831	0
QUEEN ANNE'S	481,688,859	27,800	17,848	1.0228	4,483.50	7,596,691	1,725	0.8495	0.1733	0.1733	8,913,161	8,873,778	39,383
ST MARY'S	828,993,278	63,700	13,014	0.7461	10,383.00	15,865,566	1,451	0.7145	0.0316	0.0490	15,883,779	15,784,800	18,979
SOMERSET	199,381,276	18,100	11,011	0.6313	3,218.00	2,737,083	851	0.4188	0.2125	0.2125	3,318,577	2,946,395	372,182
TALBOT	647,584,318	26,600	24,342	1.3956	3,931.50	7,892,692	2,235	1.1005	0.2950	0.2950	10,221,384	8,291,826	1,929,558
WASHINGTON	1,537,484,694	109,000	14,105	0.8087	17,301.00	27,887,668	1,561	0.7687	0.0400	0.0490	28,331,844	28,687,678	0
WICOMICO	946,971,989	69,100	14,946	0.8568	10,829.50	14,583,358	1,347	0.6631	0.1789	0.1789	17,875,814	16,168,866	986,948
WORCESTER	986,431,723	32,100	30,730	1.7618	4,760.50	12,432,688	2,612	1.2860	0.4758	0.4758	18,347,705	14,521,811	3,825,894
TOTAL STATE	75,173,128,851	4,389,700	17,443	1.0000	693,865.51	1,326,264,591	2,831	1.0000	0.0000	0.0490	1,495,148,257	1,423,338,814	48,814,720

CONCEPT-WEALTH INDEX, ALLOCATION INDEX, AND CPI

THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT COUNTY WEALTH PER CAPITA IS OF THE STATEWIDE WEALTH PER CAPITA) AND THE ALLOCATION INDEX (PERCENT COUNTY ALLOCATION IS TO THE STATEWIDE ALLOCATION PER PUPIL). HOWEVER, IF THE CPI IS GREATER THAN THE DIFFERENCE BETWEEN THE WEALTH INDEX AND THE ALLOCATION INDEX THEN THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASD BY THE INCREASE IN THE CPI.

TABLE VIII
WEALTH/ALLOCATION/CPI/WITHOUT HIGH & LOW
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT -- OPTION 7
BASED ON CPI OR DIFFERENCE BETWEEN STATEWIDE WEALTH PER CAPITA INDEX AND ALLOCATION PER STUDENT INDEX, WHICHEVER IS GREATER
ELIMINATES THE HIGH AND LOW COUNTY

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 POPULATION JAN 1984	COLUMN 3 WEALTH PER CAPITA	COLUMN 4 WEALTH INDEX	COLUMN 5 ENROLLMENT SEPT 1983	COLUMN 6 COUNTY ALLOC 1985	COLUMN 7 ALLOC PER PUPIL	COLUMN 8 ALLOC INDEX	COLUMN 9 DIFFERENCE BETWEEN INDEXES	COLUMN 10 DIFFERENCE ADJ FOR CPI 0.049	COLUMN 11 REQ FY 1986 ALLOC	COLUMN 12 FY 1986 COUNTY ALLOC	COLUMN 13 REQUIRED FY 1986 INCREASE
ALLEGANY	940,581,970	77,300	12,168	0.7727	11,701.50	14,020,797	1,250	0.7122	0.0605	0.0605	15,717,041	14,020,000	897,041
ANNE ARUNDEL	6,768,086,039	387,400	17,472	1.1096	62,164.00	117,957,715	1,890	1.0743	0.0353	0.0490	123,737,643	131,370,534	0
BALTIMORE CITY	7,711,720,917	758,400	10,168	0.6457	100,870.25	117,650,283	1,089	0.6164	0.0294	0.0490	123,423,455	110,616,681	4,806,854
BALTIMORE	12,242,829,149	674,300	18,155	1.1529	81,377.50	226,171,964	2,779	1.5735	0.0000	0.0490	237,254,398	240,655,571	0
CALVERT	1,132,339,209	37,700	30,036	1.9074	7,486.50	17,400,998	2,336	1.3225	0.5848	0.5848	27,717,192	18,472,000	9,245,192
CAROLINE	258,515,139	23,300	11,095	0.7046	4,194.00	4,343,369	1,036	0.5863	0.1183	0.1183	4,857,101	4,791,526	65,575
CARROLL	1,723,645,073	182,500	16,816	1.0679	18,538.30	28,138,805	1,518	0.8593	0.2086	0.2086	34,887,539	29,517,091	4,489,648
CECIL	824,570,720	64,200	12,844	0.8156	11,797.50	15,415,769	1,307	0.7398	0.0759	0.0759	16,505,313	15,900,000	605,313
CHARLES	1,358,260,200	81,600	16,645	1.0570	16,311.25	22,434,953	1,375	0.7787	0.2784	0.2784	29,680,014	24,604,688	4,875,326
DORCHESTER	398,245,755	29,900	13,319	0.8458	4,876.00	6,592,103	1,352	0.7654	0.0804	0.0804	7,122,339	6,750,000	372,339
FREDERICK	2,855,256,381	123,800	16,799	1.0611	22,363.75	36,804,383	1,646	0.9317	0.1294	0.1294	41,547,233	39,353,000	2,214,233
GARRETT	367,383,143	26,600	13,811	0.8771	5,115.75	5,223,200	1,021	0.5780	0.2990	0.2990	6,705,259	5,486,315	1,378,944
HARFORD	2,295,273,871	149,300	15,374	0.9763	26,883.63	39,423,651	1,471	0.8327	0.1436	0.1436	45,804,308	41,394,834	3,689,554
HOWARD	3,139,285,391	133,800	23,683	1.4989	23,193.50	61,337,763	2,645	1.4972	0.0017	0.0490	64,343,313	69,431,810	0
KENT	264,126,856	16,400	16,185	1.0228	2,370.00	3,995,326	1,686	0.9544	0.0684	0.0684	4,268,448	4,356,296	0
MONTGOMERY	17,831,149,652*	612,800	27,829	1.7672	87,391.25	338,835,958	3,777	2.1380	0.0000	0.0490	346,286,776	361,218,971	0
PRINCE GEORGE'S	11,833,634,689	671,200	16,439	1.0439	104,883.75	191,106,700	1,823	1.0323	0.0116	0.0490	200,470,928	201,474,831	0
QUEEN ANNE'S	481,680,059	27,800	17,848	1.1329	4,483.50	7,596,691	1,725	0.9767	0.1562	0.1562	8,783,596	8,873,770	0
ST MARY'S	820,993,270	63,700	13,014	0.8264	10,383.00	15,865,566	1,451	0.8215	0.0050	0.0490	15,883,779	15,784,000	10,979
SOMERSET	199,381,276*	18,100	11,011	0.6993	3,210.00	2,737,083	851	0.4815	0.2177	0.2177	3,332,997	2,946,395	386,602
TALBOT	647,584,318	26,600	24,342	1.5458	3,531.50	7,892,692	2,235	1.2653	0.2805	0.2805	10,186,946	8,291,826	1,815,120
WASHINGTON	1,537,484,694	109,000	14,105	0.8957	17,381.00	27,807,648	1,561	0.8838	0.0120	0.0490	28,331,844	28,687,670	0
WICOMICO	946,971,989	69,100	14,546	0.9238	10,829.50	14,583,358	1,347	0.7624	0.1614	0.1614	16,936,749	16,160,066	768,679
WORCESTER	986,431,723	32,100	30,738	1.9515	4,760.50	12,432,688	2,612	1.4785	0.4729	0.4729	18,312,493	14,521,811	3,790,642
TOTAL STATE	97,942,649,123	3,679,600	15,747	1.0000	562,456.26	993,492,450	1,766	1.0000	0.0000	0.0490	1,429,436,729	1,423,330,814	38,788,841

* ELIMINATES THE HIGH AND LOW COUNTY

CONCEPT-WEALTH INDEX, ALLOCATION INDEX, AND CPI (EXCLUDING HIGH COUNTY & LOW COUNTY)

THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT THE COUNTY WEALTH PER CAPITA IS OF THE STATEWIDE WEALTH PER CAPITA EXCLUSIVE OF THE HIGH & LOW COUNTIES) AND THE ALLOCATION INDEX (PERCENT THE COUNTY ALLOCATION IS OF THE STATEWIDE ALLOCATION PER PER PUPIL EXCLUSIVE OF THE HIGH & LOW COUNTIES). HOWEVER, IF THE CPI IS GREATER THAN THE DIFFERENCE BETWEEN THE WEALTH INDEX AND THE ALLOCATION INDEX, THEN THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE INCREASE IN THE CPI.

TABLE IX
WEALTH/ALLOCATION/CPI/REGION
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
REQUIRED MAINTENANCE OF EFFORT - OPTION B
BASED ON CPI OR DIFFERENCE BETWEEN STATEWIDE WEALTH PER CAPITA INDEX AND ALLOCATION PER STUDENT INDEX, WHICHEVER IS GREATER

COUNTY	COLUMN 1 WEALTH FY 1985	COLUMN 2 POPULATION JAN 1984	COLUMN 3 WEALTH PER CAPITA	COLUMN 4 WEALTH INDEX	COLUMN 5 ENROLLMENT SEPT 1983	COLUMN 6 INDEX BASED ON REGION COUNTY ALLOC 1985	COLUMN 7 ALLOC PER PUPIL	COLUMN 8 ALLOC INDEX	COLUMN 9 DIFFERENCE BETWEEN INDEXES	COLUMN 10 DIFFERENCE ADJ FOR CPI 0.049	COLUMN 11 REQ FY 1986 ALLOC	COLUMN 12 FY 1986 COUNTY ALLOC	COLUMN 13 REQUIRED FY 1986 INCREASE
GARRETT	367,383,143	26,600	13,811	0.9466	5,115.75	5,223,288	1,021	0.6887	0.2580	0.2580	6,570,675	5,406,315	1,164,360
ALLEGANY	940,581,970	77,300	12,168	0.8340	11,781.50	14,820,797	1,258	0.8485	0.0000	0.0490	15,547,816	14,820,800	726,216
WASHINGTON	1,537,484,694	109,000	14,105	0.9668	17,301.00	27,007,668	1,561	1.0529	0.0000	0.0490	28,331,044	28,687,670	0
FREDERICK	2,055,256,301	123,000	16,709	1.1453	22,363.75	36,884,383	1,646	1.1101	0.0352	0.0490	38,687,798	39,353,000	0
NORTHWEST AREA	4,900,706,108	335,900	14,590	1.0000	56,562.00	83,856,136	1,483	1.0000	0.0000	0.0490	89,956,533	88,187,785	1,898,576
BALTIMORE CITY	7,711,720,917	750,400	10,160	0.6617	100,870.25	117,650,283	1,089	0.5981	0.0717	0.0717	126,898,547	118,616,601	7,473,946
BALTIMORE	12,242,829,149	674,300	18,155	1.1815	81,377.50	226,171,964	2,779	1.5864	0.0000	0.0490	237,254,398	240,655,571	0
ANNE ARUNDEL	6,768,806,839	387,400	17,472	1.1371	62,164.00	117,957,715	1,898	1.0784	0.1006	0.1006	130,772,118	131,378,534	0
CARROLL	1,723,645,873	102,500	16,816	1.0944	18,538.30	28,138,805	1,518	0.8227	0.2717	0.2717	35,783,926	29,517,891	6,266,035
HOWARD	3,139,205,391	133,000	23,603	1.5360	23,193.50	61,337,763	2,645	1.4334	0.1027	0.1027	67,636,863	69,431,818	0
HARFORD	2,295,273,871	149,300	15,374	1.0005	26,803.63	39,423,651	1,471	0.7972	0.2033	0.2033	47,438,864	41,394,834	6,044,030
METRO AREA	33,880,680,440	2,284,900	15,366	1.0000	320,147.26	590,680,181	1,845	1.0000	0.0000	0.0490	644,976,788	630,995,241	19,784,811
MONTGOMERY	17,031,149,652	612,000	27,829	1.2724	87,391.25	338,035,058	3,777	1.3928	0.0000	0.0490	346,286,776	361,218,971	0
PRINCE GEORGE'S	11,033,634,609	671,200	16,439	0.7516	104,803.75	191,186,780	1,823	0.6725	0.0791	0.0791	206,229,449	201,474,831	4,754,618
CAPITAL AREA	28,064,784,261	1,283,200	21,871	1.0000	192,195.00	521,141,758	2,712	1.0000	0.0000	0.0490	552,436,225	562,693,802	4,754,618
CALVERT	1,132,339,289	37,700	30,036	1.6558	7,486.50	17,408,998	2,336	1.4521	0.2037	0.2037	21,051,592	18,472,000	2,579,592
CHARLES	1,358,268,288	81,600	16,645	0.9176	16,311.25	22,434,953	1,375	0.8549	0.0627	0.0627	23,840,822	24,684,600	0
ST MARY'S	828,993,278	63,700	13,014	0.7174	10,383.00	15,865,566	1,451	0.9019	0.0000	0.0490	15,883,779	15,784,800	18,979
SOUTHERN AREA	3,319,592,695	183,000	18,148	1.0000	34,180.75	54,989,517	1,609	1.0000	0.0000	0.0490	60,696,193	58,861,488	2,598,571
CECIL	824,578,720	64,200	12,844	0.7764	11,797.50	15,415,769	1,307	0.8640	0.0000	0.0490	16,171,142	15,900,000	271,142
KENT	264,126,856	16,400	16,105	0.9736	2,378.00	3,995,326	1,686	1.1147	0.0000	0.0490	4,191,897	4,356,296	0
QUEEN ANNE'S	481,680,859	27,000	17,840	1.0784	4,483.50	7,596,691	1,725	1.1407	0.0000	0.0490	7,968,929	8,873,778	0
CAROLINE	258,515,139	23,300	11,095	0.6707	4,194.00	4,343,369	1,036	0.6848	0.0000	0.0490	4,556,194	4,791,526	0
TALBOT	647,584,318	26,600	24,342	1.4715	3,531.50	7,892,692	2,235	1.4778	0.0000	0.0490	8,279,434	8,291,826	0
DORCHESTER	398,245,755	29,900	13,319	0.8052	4,076.00	6,592,183	1,352	0.8939	0.0000	0.0490	6,915,116	6,750,000	165,116
WICOMICO	946,971,989	65,100	14,546	0.8793	10,829.50	14,583,358	1,347	0.8904	0.0000	0.0490	15,297,943	16,160,866	0
SOMERSET	199,381,276	10,100	11,811	0.6656	3,218.00	2,737,083	851	0.5624	0.1032	0.1032	3,019,648	2,946,395	73,253
WORCESTER	984,431,723	32,100	30,730	1.8577	4,768.50	12,432,608	2,612	1.7268	0.1308	0.1308	14,059,845	14,521,811	0
EASTERN AREA	5,007,356,547	302,700	16,542	1.0000	49,988.50	75,588,999	1,512	1.0000	0.0000	0.0490	80,458,547	82,599,698	589,518
TOTAL STATE	75,173,120,851	4,389,700	17,443		653,865.51	1,326,264,591	2,031				1,427,624,205	1,423,338,814	29,537,206

CONCEPT-WEALTH INDEX, ALLOCATION INDEX, AND CPI (STATEWIDE REGIONALIZATION)
THE FY 1985 TOTAL COUNTY ALLOCATION HAS BEEN INCREASED BY THE DIFFERENCE BETWEEN THE WEALTH INDEX (PERCENT THE COUNTY WEALTH PER CAPITA IS OF THE REGIONAL WEALTH PER CAPITA) AND THE ALLOCATION INDEX (PERCENT THE COUNTY ALLOCATION IS OF THE REGIONAL ALLOCATION PER PUPIL). HOWEVER, IF THE CPI IS GREATER THAN THE DIFFERENCE BETWEEN THE WEALTH INDEX AND THE ALLOCATION INDEX, THEN THE FY 1985 TOTAL ALLOCATION HAS BEEN INCREASED BY THE INCREASE IN THE CPI.

MDE86A
TABLE X
07/28/86

MARYLAND STATE DEPARTMENT OF EDUCATION
PERCENT OF INCREASE IN STATE AID
COMPARED TO LOCAL APPROPRIATION
FISCAL YEAR 1984 - FISCAL YEAR 1986

COUNTY	MAJOR STATE AID FY 1984	MAJOR STATE AID FY 1986	% INC	LOCAL ALLOCATION FY 1984	LOCAL ALLOCATION FY 1986	% INC	
ALLEGANY	12,926,094	15,297,422	0.183	14,442,870	14,820,000	0.026	*
ANNE ARUNDEL	56,152,124	66,311,617	0.181	107,020,549	131,370,534	0.218	
BALTIMORE CITY	138,279,142	167,680,527	0.213	113,235,909	118,616,601	0.048	*
BALTIMORE	55,963,705	62,076,402	0.109	210,091,297	240,695,571	0.103	*
CALVERT	5,311,512	6,954,305	0.309	16,016,223	18,472,000	0.153	*
CAROLINE	5,384,197	6,374,909	0.282	4,052,689	4,791,526	0.182	
CARROLL	18,760,878	22,598,264	0.204	25,395,583	29,517,891	0.162	
CECIL	13,301,360	15,729,480	0.175	14,510,000	15,900,000	0.095	*
CHARLES	18,423,814	22,020,372	0.196	21,464,050	24,694,600	0.146	
DORCHESTER	5,367,079	6,668,643	0.242	6,449,993	6,750,000	0.047	*
FREDERICK	21,423,897	26,615,723	0.242	33,964,661	39,353,000	0.159	
GARRETT	6,457,760	7,869,184	0.219	4,849,995	5,406,315	0.115	*
HARFORD	27,750,066	33,239,572	0.197	37,775,309	41,394,034	0.096	*
HOWARD	18,648,023	22,292,242	0.195	55,469,702	69,431,010	0.252	
KENT	2,661,532	3,158,243	0.187	3,702,490	4,356,296	0.177	
MONTGOMERY	39,503,025	44,201,062	0.119	302,976,741	361,210,971	0.192	
PRINCE GEORGE'S	100,103,736	117,646,673	0.174	180,520,974	201,474,031	0.116	*
QUEEN ANNE'S	4,414,924	5,471,335	0.239	7,013,993	8,875,770	0.265	
ST MARY'S	12,002,700	14,992,534	0.171	14,400,586	15,784,000	0.089	*
SOMERSET	4,303,970	5,003,632	0.163	2,637,122	2,946,395	0.117	*
TALBOT	2,133,139	2,361,341	0.107	7,462,002	8,291,826	0.111	*
WASHINGTON	17,669,305	21,503,037	0.217	26,522,310	28,687,670	0.079	*
WICOMICO	11,300,645	14,040,066	0.242	13,070,400	16,160,066	0.236	
WORCESTER	2,510,425	2,620,489	0.041	11,394,344	14,521,011	0.274	
TOTAL STATE	601,730,032	712,017,402	0.105	1,243,344,440	1,423,330,814	0.145	

* LEA'S WHOSE LOCAL APPROPRIATION IS BELOW STATE AVERAGE

NOTE: MAJOR STATE AID INCLUDES CURRENT EXPENSE, TARGETED AID, DENSITY AID, TRANSPORTATION, SPECIAL EDUCATION, AND COMPENSATORY EDUCATION AID.

FULL STATE FUNDING FOR EDUCATION

Prepared by: Department of Fiscal Services
August 1987

BACKGROUND

In response to a recent legislative request, several simulations were run estimating the cost to Maryland of a fully State-funded education program. These simulations, which use FY 1986 expenditure and revenue figures, are based on a 1971 study on education funding by the Commission to Study the State's Role in Financing Public Education (the Hughes Commission), entitled "Maryland's Obligation to its Children for Their Education."

Under the 1971 study, full State funding is defined as "a system under which the State assumes responsibility for providing a substantial portion of the funds for education, and adopts policies which assure that any combination of funds from all sources will implement equal educational opportunitiy." It is assumed under such a program that the local education authorities retain control over education policy and operation of schools. Budget decisions would be subject to State guidelines or fund limitations.

The Hughes Commission examined two proposals -- revision of the State-aid foundation program and full funding by the State. Their final recommendations formed the basis for the State's current school construction program. With regard to full State funding, the Commission concluded, with some dissent, that "... one year of study is inadequate to develop recommendations on the question of full assumption by the State of the funding of public primary and secondary education, with an accompanying reallocation of taxing powers and revenue distributions."

The following pages are divided into an explanation of the assumptions and method used to generate the three scenarios and a discussion of Tables 1 through 3 which are summarized in Attachment 1, Page 3 . Additional funding sources are identified in the closing section.

Assumptions

Three parameters set the framework for the full State funding scenarios provided in Tables 1 through 3:

- The State would fund at a minimum of 85% of highest per pupil expenditure;
- Counties would give back the piggyback income tax; and
- A Statewide property tax for education would be imposed at a rate of $1.25 - $1.50 per $100 of assessed value.

The numbers were derived from the most recently available actual expenditure, revenue and assessment figures from the Department of Education, the Comptroller's Office and the Department of Assessments and Taxation.

With regard to education expenses, it was assumed that food service operations would continue to be self-supporting programs and that federal assistance would continue at the present level.

Piggyback income tax revenues are calculated at 50% of State income tax revenues for all counties (Note the adjustment to Calvert, Queen Anne's and Worcester Counties. Charles County's recently enacted 45% piggyback tax was 50% in FY 86.) In other words, the State tax rate on personal income would increase to 7.5% and the county tax rate would be 0%. Municipalities would continue to receive 8.5% of the State income tax liability of municipal residents.

It was assumed that the State would maintain its 0% tax rate on personal property. Thus, property tax revenues are calculated on the basis of real property currently taxed by the State rather than on the State's total assessable base.

Method

The same method was used to calculate Tables 1 through 3 with some variation of parameters, as explained below. A per pupil expenditure was derived from columns(1) through (3) to produce a full State funding amount (column (4)). A percentage of this amount, either 90% or 85% was taken in column (5) as the starting point of a full State funding proposal. Columns (6) and (7) give comparative figures estimating the difference of a full State funding proposal over FY 1986 education expenditures.

Columns (9) and (10) indicate federal and State aid to education in FY 1986 adjusted for the food service program. Column (11) represents the remainder that must be funded by the State after current federal and State aid are subtracted out.

Based on the parameter set forth in the preceding discussion, column (13) subtracts local piggyback revenues from the remainder to be funded by the State. Column (14) indicates the property tax rate needed to fund the remainder. And column (15) reflects the revenues that would be derived from the average property tax for the State.

Columns (8) and (12) provide property tax equivalents of columns (5) and (11) for an order of magnitude measurement.

Table 4 contains background data used to calculate the three full State funding scenarios -- piggyback revenues and the State-taxed assessable base. The property tax equivalent of local education expenditures in FY 1986 is included for both State-taxed and locally taxed assessable bases for comparative purposes.

ATTACHMENT 1

FULL STATE FUNDING
SUMMARY OF TABLES 1 - 3
(FY 1986 Figures)

	TABLE 1 90% FULL STATE FUNDING	TABLE 2 85% FULL STATE FUNDING	TABLE 3 90% of $4,500 PPE
Total Cost	$3,122,162,577	$2,948,709,101	$2,587,427,550
Per Pupil Amount	$4,887	$4,616	$4,050
Adjusted for State & federal aid	$1,940,695,290	$1,767,241,814	$1,405,960,263
Adjusted for State, federal & piggyback	$1,051,930,089	$878,476,613	$517,195,062
Property Tax Rate	$2.00	$1.67	$1.00

TOTAL CURRENT EXPENSES: $2,598,729,260

FULL TIME EQUIVALENT ENROLLMENT: 638,871

PER PUPIL EXPENDITURE: State average = $4,068
Highest (Mont.Co.) = $5,430
Lowest (Caroline Co.) = $3,223

FEDERAL ASSISTANCE: $110,626,668

STATE AID TO EDUCATION: $1,070,840,619

LOCAL AID TO EDUCATION: $1,434,686,307

[1] Adjusted for food service program

PREPARED BY: Department of Fiscal Services, August 1987

Discussion

Table 1

Table 1 sets forth a full State funding proposal at 90% of the total cost of funding every student at the highest per pupil expenditure of $5,430. The cost per pupil at 90% becomes $4,887 which is an average 20% higher than the per pupil expenditure in FY 1986. The highest increase is experienced by Caroline County, at 52% or $1,664 over FY 86 expenditures, with the lowest (excluding Montgomery Couty which experiences a 10% decrease by virtue of the calculations), 6% or $262 in Baltimore County.

The final cost of the program, after federal and State aid are backed out is $1.9 billion, equal to an average property tax rate of $3.67 per $100 of assessed value. If local piggyback revenues are returned to the State and used to finance education, the property tax rate drops to $2.00, at a cost of $1.1 billion.

What is evident under this scenario and the others is the redistribution of tax revenues that occurs under a fully State-funded program. Column (13) reflects the level of education expenditure that would remain to be funded by the State were each pupil to be funded at 90% of the highest per pupil expenditure. Column (15) shows revenues that the State would collect from each county from a $2.00 property tax. The difference between the two columns reflects the redistribution of revenues. For example, in Somerset County with a $2.00 property tax for education, the State would collect approximately $3 million but allocate $5.8 million. Conversely, with the same tax rate in Montgomery County, the State would collect $260.7 million but allocate less than half that amount, $105.3 million. A similar pattern of redistribution is seen in Tables 2 and 3.

Table 2

Table 2 sets forth the cost of a full State funding proposal at 85% of the highest per pupil expenditure. The per pupil funding amount drops to $4,616 under this scenario at a total cost to the State of $1.8 billion. Baltimore County experienced a decrease in per pupil expenditure of $9 (reflected as 0% due to rounding).

The total cost of an 85% full State funding program after federal/State aid and piggyback revenues are backed out is approximately $900 million, or an amount which could be financed with a $1.67 property tax rate. Of the three scenarios, the 85% full State funding program is closest to the parameters set forth at the start of the analysis, i.e., 85% of highest per pupil expenditure, reversion of the piggyback tax and a property tax rate of $1.25 - $1.50.

Table 3

Table 3 was generated on the basis of what per pupil expenditure could be funded with a $1.00 property tax rate. Under this proposal, the per pupil amount becomes $4,500, or at 90% full State funding, $4,050. This amount is within $18 of the State average per pupil expenditure in FY 1986.

It is interesting to note that the Statewide average per pupil expenditure is skewed to the high side by Montgomery County's $5,430 PPE funding level. Only four out of the 24 local education agencies have expenditure levels above the State average. Expressed in dollar terms, the spread between the fourth and first ranked county (Worcester, $4,269; Montgomery, $5,430) is $1,161, while the spread between the fourth and the lowest (Caroline, $3,223) is $1,046.

Four counties experience a decrease in per pupil expenditure under this proposal, ranging from 5% in Worcester County to 25% in Montgomery County.

Additional Funding Sources

The full State funding proposals discussed in the preceding scenarios increase total education spending by 0% to 20%, with a concommitant redistribution of property and income tax revenues.

The following taxes could provide additional or alternative sources of education funds:

- State-shared taxes - includes franchise tax, alcoholic beverages tax, tobacco tax, unclaimed or abandoned property, corporate filing fees, grants, racing taxes, beer tax. Est. $100 million;

- Property tax - were the State to resume a tax on its total assessable base (an additional $13.6 billion), a range of $136 million to $272 million depending on the property tax rate imposed;

- Sales tax - increase the sales tax by one cent per dollar. Est. $240 million.

TABLE I

FULL STATE FUNDING AT 90% OF HIGHEST PER PUPIL EXPENDITURE ($5,430) = $4,887
TAX RATE = $2.00

COUNTY	C1 TOTAL CURRENT EXPENSES (TCE) FY 86	C2 FULL TIME EQUIV. ENROLL. FY 86	C3 AVERAGE PER PUPIL EXPEND. FY 86	C4 FULL STATE FUNDING AT HIGHEST PPE = $5,430	C5 90% FULL STATE FUNDING AT HIGHEST PPE = $4,887	C6 PER PUPIL DIFFERENCE OF 90% FSF OVER CURRENT PPE	C7 PERCENT CHANGE (C6)	C8 PROPERTY TAX EQUIV. 90% FSF	C9 FEDERAL ASSISTANCE FY 86 (1)	C10 TOTAL STATE AID TO EDUCATION FY 86 (2)	C11 90% FSF LESS FEDERAL AND STATE AID	C12 PROPERTY TAX EQUIV. (C9)	C13 90% FSF LESS STATE, FEDERAL & PIGGYBACK	C14 PROPERTY TAX EQUIV. (C13)	C15 REVENUES FROM STATEWIDE TAX OF $2.00
ALLEGANY	$38,165,553	11,178	$3,414	$60,696,540	$54,626,886	$ 1,473	0.43	99.35	$1,956,085	$20,700,921	$31,969,880	$5.82	$23,933,274	$4.36	$10,982,000
ANNE ARUNDEL	235,564,710	61,129	3,854	331,930,470	298,737,423	1,033	0.27	6.00	8,721,842	99,108,647	190,906,534	3.84	108,337,122	2.18	99,521,640
BALTIMORE CITY	367,729,882	103,639	3,541	563,845,770	507,461,193	1,346	0.38	10.73	34,610,432	219,044,372	253,806,389	5.37	155,940,310	3.30	94,599,720
BALTIMORE	356,915,349	77,177	4,625	419,071,110	377,163,999	262	0.06	4.86	8,316,410	112,000,809	256,846,780	3.31	97,985,191	1.26	155,316,220
CALVERT	30,425,001	7,700	3,951	41,811,000	37,629,900	936	0.24	5.20	1,296,227	10,966,393	25,367,280	3.51	17,519,767	2.42	14,462,660
CAROLINE	13,324,275	4,134	3,223	22,447,620	20,202,858	1,664	0.52	10.90	789,703	8,172,366	11,240,789	6.07	8,341,978	4.50	3,706,460
CARROLL	61,696,354	18,786	3,284	102,007,980	91,807,182	1,603	0.49	7.51	1,991,055	30,882,931	58,933,196	4.82	38,203,983	3.13	24,446,520
CECIL	38,895,077	11,586	3,357	62,911,980	56,620,782	1,530	0.46	9.48	1,519,009	20,909,990	34,191,783	5.72	24,615,777	4.12	11,948,200
CHARLES	56,824,360	16,201	3,507	87,971,430	79,174,287	1,380	0.39	7.64	2,725,356	29,446,314	47,002,617	4.53	31,616,841	3.05	20,736,760
DORCHESTER	17,680,652	4,619	3,828	25,081,170	22,573,053	1,059	0.28	8.23	1,495,173	9,279,851	11,798,029	4.30	8,256,036	3.01	5,488,600
FREDERICK	79,162,017	22,812	3,470	123,869,160	111,482,244	1,417	0.41	7.37	2,579,931	37,291,113	71,611,200	4.73	48,610,820	3.21	30,267,980
GARRETT	16,648,269	5,073	3,282	27,546,390	24,791,751	1,605	0.49	8.54	1,428,630	10,296,075	13,067,046	4.50	10,443,419	3.60	5,803,280
HARFORD	91,393,113	26,431	3,458	143,520,330	129,168,297	1,429	0.41	8.28	4,287,007	45,522,047	79,359,243	5.09	50,867,204	3.26	31,183,160
HOWARD	107,674,698	24,095	4,469	130,835,850	117,752,265	418	0.09	4.86	2,258,525	35,961,552	79,532,188	3.28	39,254,345	1.62	48,423,960
KENT	9,239,587	2,284	4,045	12,402,120	11,161,908	842	0.21	5.28	494,342	4,255,798	6,411,768	3.03	4,038,292	1.91	4,230,520
MONTGOMERY	479,185,125	88,249	5,430	479,192,070	431,272,863	(543)	(0.10)	3.31	9,191,280	111,267,643	310,813,940	2.38	105,253,472	0.81	260,697,820
PRINCE GEORGE'S	396,085,876	99,590	3,977	540,773,700	486,696,330	910	0.23	6.71	14,220,189	172,893,283	299,582,858	4.13	174,007,211	2.40	145,069,160
QUEEN ANNE'S	17,520,116	4,503	3,891	24,451,290	22,006,161	996	0.26	5.40	1,182,738	7,669,365	13,154,058	3.23	7,878,209	1.93	8,154,680
ST. MARY'S	39,436,884	10,462	3,770	56,808,660	51,127,794	1,117	0.30	7.82	3,241,653	20,267,087	27,619,054	4.23	18,438,708	2.82	13,069,460
SOMERSET	10,920,115	3,124	3,496	16,963,320	15,266,988	1,391	0.40	10.17	1,178,881	6,493,847	7,594,260	5.06	5,813,603	3.87	3,002,260
TALBOT	13,256,489	3,527	3,759	19,151,610	17,236,449	1,128	0.30	3.18	741,166	4,077,033	12,418,250	2.29	6,212,277	1.15	10,850,720
WASHINGTON	63,069,584	16,677	3,782	90,556,110	81,500,499	1,105	0.29	8.23	3,533,115	29,677,582	48,289,802	4.87	32,009,323	3.23	19,817,220
WICOMICO	37,149,443	10,830	3,430	58,806,900	52,926,210	1,457	0.42	8.55	1,770,781	19,192,562	31,962,867	5.16	22,058,948	3.56	12,381,680
WORCESTER	20,766,731	4,865	4,269	26,416,950	23,775,255	618	0.14	2.13	1,097,138	5,463,038	17,215,079	1.54	12,293,979	1.10	22,285,320
TOTAL STATE	$2,538,729,260	638,871	$4,068	$3,469,069,530	$3,122,162,577	$ 819	0.20	85.91	$110,626,668	$1,070,840,619	$1,940,695,290	$3.67	$1,051,930,089	$1.99	$1,056,446,000

(1) Excludes food service funding through Federal School Lunch and Child Nutrition Act.
(2) Excludes State revenue for food service operations.

SOURCE: Comptroller's Office, Department of Education, Department of Assessments and Taxation
PREPARED BY: Department of Fiscal Services, August 1987

TABLE 2

FULL STATE FUNDING AT 85% OF HIGHEST PER PUPIL EXPENDITURE ($5,430) = $4,616
TAX RATE = $1.67

COUNTY	C1 TOTAL CURRENT EXPENSES (TCE) FY 86	C2 FULL TIME EQUIV. ENROLL. FY 86	C3 AVERAGE PER PUPIL EXPEND. FY 86	C4 FULL STATE FUNDING AT HIGHEST PPE = $5,430	C5 85% FULL STATE FUNDING AT HIGHEST PPE = $4,616	C6 PER PUPIL DIFFERENCE OF 85% FSF OVER CURRENT PPE	C7 PERCENT CHANGE (C6)	C8 PROPERTY TAX EQUIV. (C5)	C9 FEDERAL ASSISTANCE FY 86 (1)	C10 TOTAL STATE AID TO EDUCATION FY 86 (2)	C11 85% FSF LESS STATE AND FEDERAL AID	C12 PROPERTY TAX EQUIV. (C9)	C13 85% FSF LESS STATE, FEDERAL & PIGGYBACK	C14 PROPERTY TAX EQUIV (C13)	C15 REVENUES FROM STATEWIDE TAX OF $1.67
ALLEGANY	$38,165,553	11,178	$3,414	$60,696,540	$51,592,059	1,201	0.35	$9.40	$1,556,065	$20,700,921	$28,935,053	$5.27	$20,898,447	$3.81	$9,169,970
ANNE ARUNDEL	235,564,710	61,129	3,854	331,930,470	282,140,900	762	0.20	5.67	8,721,842	99,108,647	174,310,411	3.50	91,740,599	1.84	83,100,569
BALTIMORE CITY	367,729,882	103,839	3,541	563,845,770	479,268,905	1,074	0.30	10.13	34,610,432	219,044,372	225,614,101	4.77	127,748,022	2.70	78,990,766
BALTIMORE	356,915,349	77,177	4,625	419,071,110	356,210,444	(9)	(0.00)	4.59	8,316,410	112,000,809	235,893,225	3.04	77,031,636	0.99	129,689,044
CALVERT	30,425,001	7,700	3,951	41,811,000	35,539,350	664	0.17	4.91	1,296,227	10,966,393	23,276,730	3.22	15,429,217	2.13	12,076,321
CAROLINE	13,324,275	4,134	3,223	22,447,620	19,080,477	1,392	0.43	10.30	789,703	8,172,366	10,118,408	5.46	7,219,537	3.90	3,094,894
CARROLL	61,696,354	18,786	3,284	102,007,980	86,706,783	1,331	0.41	7.09	1,991,055	30,882,931	53,832,797	4.40	33,103,584	2.71	20,412,844
CECIL	38,895,077	11,586	3,357	62,911,980	53,475,183	1,258	0.37	8.95	1,519,409	20,909,990	31,046,184	5.20	21,470,178	3.59	9,976,747
CHARLES	56,824,360	16,201	3,507	87,971,430	74,775,716	1,108	0.32	7.21	2,765,356	29,446,314	42,604,046	4.11	27,218,270	2.63	17,315,195
DORCHESTER	17,680,652	4,619	3,828	25,081,170	21,318,995	788	0.21	7.77	1,495,173	9,279,851	10,543,971	3.84	7,001,978	2.55	4,582,981
FREDERICK	79,162,017	22,812	3,470	123,869,160	105,288,786	1,145	0.33	6.96	2,579,931	37,291,113	65,417,742	4.32	42,417,362	2.80	25,273,763
GARRETT	16,648,269	5,073	3,282	27,546,390	23,414,432	1,334	0.41	8.07	1,428,630	10,296,075	11,689,727	4.03	9,066,100	3.12	4,845,739
HARFORD	91,393,113	26,431	3,458	143,520,330	121,992,281	1,158	0.33	7.82	4,287,007	45,522,047	72,183,227	4.63	43,691,188	2.80	26,037,939
HOWARD	107,674,698	24,095	4,469	130,835,850	111,210,473	147	0.03	4.59	2,258,525	35,961,552	72,990,396	3.01	32,712,553	1.35	40,434,007
KENT	9,239,587	2,284	4,045	12,402,120	10,541,802	570	0.14	4.98	494,342	4,255,798	5,791,662	2.74	3,418,186	1.62	3,532,484
MONTGOMERY	479,185,125	88,249	5,430	479,192,070	407,313,260	(814)	(0.15)	3.12	9,191,280	111,267,643	286,854,337	2.20	81,293,869	0.62	217,682,680
PRINCE GEORGE'S	396,085,876	99,590	3,977	540,773,700	459,657,645	638	0.16	6.34	14,220,189	172,893,283	272,544,173	3.76	146,968,526	2.03	121,132,749
QUEEN ANNE'S	17,520,116	4,503	3,891	24,451,290	20,783,597	725	0.19	5.10	1,182,738	7,669,365	11,931,494	2.93	6,655,645	1.63	6,809,158
ST. MARY'S	39,436,884	10,462	3,770	56,808,660	48,287,361	846	0.22	7.39	3,241,653	20,267,087	24,778,621	3.79	15,598,275	2.39	10,912,999
SOMERSET	10,930,115	3,124	3,496	16,963,320	14,418,822	1,120	0.32	9.61	1,178,881	6,493,847	6,746,094	4.49	4,965,437	3.31	2,506,887
TALBOT	13,256,489	3,527	3,759	19,151,610	16,278,869	857	0.23	3.00	741,166	4,077,033	11,460,670	2.11	5,254,697	0.97	9,060,351
WASHINGTON	63,069,584	16,677	3,782	90,556,110	76,972,694	834	0.22	7.77	3,533,115	29,677,582	43,761,997	4.42	27,481,518	2.77	16,547,379
WICOMICO	37,149,443	10,830	3,430	58,806,900	49,985,865	1,185	0.35	8.07	1,770,781	19,192,562	29,022,522	4.69	19,118,603	3.09	10,338,703
WORCESTER	20,766,731	4,865	4,269	26,416,950	22,454,408	347	0.08	2.02	1,097,138	5,463,038	15,894,232	1.43	10,973,132	0.98	18,608,242
TOTAL STATE	$2,598,729,260	638,871	$4,068	$3,469,069,530	$2,948,709,101	$ 548	0.13	$5.58	$110,626,668	$1,070,840,619	$1,767,241,814	$3.35	$878,476,613	$1.66	$882,132,410

(1) Excludes food service funding through Federal School Lunch and Child Nutrition Act.
(2) Excludes State revenue for food service operations.

SOURCE: Comptroller's Office, Department of Education, Department of Assessments and Taxation
PREPARED BY: Department of Fiscal Services, August 1987

TABLE 3

FULL STATE FUNDING AT 90% OF $4,500 PER PUPIL EXPENDITURE = $4,050
TAX RATE = $1.00

COUNTY	C1 TOTAL CURRENT EXPENSES (TCE) FY 86	C2 FULL TIME EQUIV. ENROLL. FY 86	C3 AVERAGE PER PUPIL EXPEND. FY 86	C4 FULL STATE FUNDING AT PPE $4,500	C5 90% FULL STATE FUNDING AT PPE $4,500 = $4,050	C6 PER PUPIL DIFFERENCE OF 90%($4500) OVER CURRENT PPE	C7 PERCENT CHANGE (C6)	C8 PROPERTY TAX EQUIV. OF C5	C9 FEDERAL ASSISTANCE FY 86 (1)	C10 TOTAL STATE AID TO EDUCATION FY 86 (2)	C11 90% FSF LESS STATE AND FEDERAL AID	C12 PROPERTY TAX EQUIV. (C9)	C13 90% FSF LESS STATE, FEDERAL & PIGGYBACK	C14 PROPERTY TAX EQUIV. (C13)	C15 REVENUES FROM STATEWIDE TAX OF $1.00
ALLEGANY	$38,165,353	11,178	$3,414	$50,301,000	$45,270,900	$ 636	0.19	$8.24	$1,956,085	$20,700,321	$22,613,894	$4.12	$14,577,288	$2.65	$5,491,000
ANNE ARUNDEL	235,564,710	61,129	3,854	$275,080,500	247,572,450	196	0.05	$4.98	8,721,842	99,108,647	139,741,961	$2.81	57,172,149	$1.15	49,760,820
BALTIMORE CITY	367,729,852	103,839	3,541	$467,275,500	420,547,950	509	0.14	$8.89	34,610,432	219,044,372	166,893,146	$3.53	69,027,067	$1.46	47,299,860
BALTIMORE	356,915,349	77,177	4,625	$347,296,500	312,566,850	(575)	(0.12)	$4.02	8,316,410	112,000,809	192,249,631	$2.48	33,388,042	$0.43	77,658,110
CALVERT	30,425,001	7,700	3,951	$34,650,000	31,185,000	99	0.02	$4.31	1,296,227	10,966,393	18,922,380	$2.62	11,074,867	$1.53	7,231,330
CAROLINE	13,324,275	4,134	3,223	$18,603,000	16,742,700	827	0.26	$9.03	789,703	8,172,366	7,780,631	$4.20	4,881,820	$2.63	1,853,230
CARROLL	61,696,354	18,786	3,284	$84,537,000	76,083,300	766	0.23	$6.22	1,991,055	30,882,931	43,209,314	$3.54	22,480,101	$1.84	12,223,260
CECIL	38,895,077	11,586	3,357	$52,137,000	46,923,300	693	0.21	$7.85	1,519,009	20,909,990	24,494,301	$4.10	14,918,295	$2.50	5,974,100
CHARLES	56,824,360	16,201	3,507	$72,904,500	65,614,050	543	0.15	$6.33	2,725,356	29,446,314	33,442,380	$3.23	18,056,604	$1.74	10,368,380
DORCHESTER	17,680,652	4,619	3,828	$20,785,500	18,706,950	222	0.06	$6.82	1,495,173	9,279,851	7,931,926	$2.89	4,389,933	$1.60	2,744,300
FREDERICK	79,162,017	22,812	3,470	$102,654,000	92,388,600	580	0.17	$6.10	2,579,931	37,291,113	52,517,556	$3.47	29,517,176	$1.95	15,133,990
GARRETT	16,648,269	5,073	3,282	$22,828,500	20,545,650	768	0.23	$7.08	1,428,630	10,296,075	8,820,945	$3.04	6,197,318	$2.14	2,901,640
HARFORD	91,393,113	26,431	3,458	$118,939,500	107,045,550	592	0.17	$6.87	4,287,007	45,522,047	57,236,496	$3.67	28,744,457	$1.84	15,591,580
HOWARD	107,674,698	24,095	4,469	$108,427,500	97,584,750	(419)	(0.09)	$4.03	2,258,525	35,961,552	59,364,673	$2.45	19,086,830	$0.79	24,211,980
KENT	9,239,587	2,284	4,045	$10,278,000	9,250,200	5	0.00	$4.37	494,342	4,255,798	4,500,060	$2.13	2,126,584	$1.01	2,115,260
MONTGOMERY	479,185,125	68,249	5,430	$397,120,500	357,408,450	(1,380)	(0.25)	$2.74	9,191,280	111,267,643	236,949,527	$1.82	31,389,059	$0.24	130,348,910
PRINCE GEORGE'S	396,085,876	99,590	3,977	$448,155,000	403,339,500	73	0.02	$5.56	14,220,189	172,893,283	216,226,028	$2.98	90,650,381	$1.25	72,534,580
QUEEN ANNE'S	17,520,116	4,503	3,891	$20,263,500	18,237,150	159	0.04	$4.47	1,182,738	7,663,365	9,385,047	$2.30	4,109,198	$1.01	4,077,340
ST. MARY'S	39,436,884	10,462	3,770	$47,079,000	42,371,100	280	0.07	$6.48	3,241,653	20,267,087	18,862,360	$2.89	9,682,014	$1.48	6,534,730
SOMERSET	10,920,115	3,124	3,496	$14,058,000	12,652,200	554	0.16	$8.43	1,178,881	6,493,847	4,979,472	$3.32	3,198,815	$2.13	1,501,130
TALBOT	13,256,489	3,527	3,759	$15,871,500	14,284,350	291	0.08	$2.63	741,166	4,077,033	9,466,151	$1.74	3,260,178	$0.60	5,425,360
WASHINGTON	63,069,584	16,677	3,782	$75,046,500	67,541,850	268	0.07	$6.82	3,533,115	29,677,582	34,331,153	$3.46	18,050,674	$1.82	9,908,610
WICOMICO	37,149,443	10,830	3,430	$48,735,000	43,861,500	620	0.18	$7.08	1,770,781	19,192,562	22,898,157	$3.70	12,994,238	$2.10	6,190,840
WORCESTER	20,766,731	4,865	4,269	$21,892,500	19,703,250	(219)	(0.05)	$1.77	1,097,138	5,463,038	13,143,074	$1.18	8,221,974	$0.74	11,142,660
TOTAL STATE	$2,598,729,260	638,871	$4,068	$2,874,919,500	$2,587,427,550	$ (18)	(0.00)	$4.90	$110,626,668	$1,070,840,619	$1,405,960,263	$2.66	$517,195,062	$0.98	$528,223,000

(1) Excludes food service funding through Federal School Lunch and Child Nutrition Act.
(2) Excludes State revenue for food service operations.

SOURCE: Comptroller's Office, Department of Education, Department of Assessments and Taxation
PREPARED BY: Department of Fiscal Services, August 1987

TABLE 4

BACKGROUND DATA

COUNTY	CC 0 PIGGYBACK REVENUES TY 85 [1]	CC 1 STATE-TAXED PROPERTY BASE FY 86 [2] (000)	CC 2 LOCAL EDUCATION EXPENDITURES FY 85	CC 3 PROPERTY TAX EQUIVALENT - STATE BASE	CC 4 PROPERTY TAX EQUIVALENT - LOCAL BASE
ALLEGANY	$8,036,606	$549,100	$14,895,797	$2.71	$1.92
ANNE ARUNDEL	82,569,812	4,976,082	131,250,328	2.64	2.31
BALTIMORE CITY	97,866,079	4,729,986	121,402,691	2.57	2.20
BALTIMORE	158,861,589	7,765,811	240,569,746	3.10	2.77
CALVERT	7,847,513	723,133	18,316,998	2.53	1.46
CAROLINE	2,898,811	185,323	4,741,523	2.56	2.36
CARROLL	20,729,213	1,222,326	29,807,781	2.44	2.28
CECIL	9,576,006	597,410	15,902,015	2.66	2.50
CHARLES	15,385,776	1,036,838	24,788,926	2.39	1.97
DORCHESTER	3,541,993	274,430	6,741,783	2.46	2.02
FREDERICK	23,000,380	1,513,399	39,348,882	2.60	2.52
GARRETT	2,623,627	290,164	5,744,003	1.98	1.71
HARFORD	28,492,039	1,559,158	41,394,833	2.65	2.46
HOWARD	40,277,843	2,421,198	69,431,808	2.87	2.62
KENT	2,373,476	211,526	4,356,295	2.06	2.01
MONTGOMERY	205,560,468	13,034,891	361,632,276	2.77	2.54
PRINCE GEORGE'S	125,575,647	7,253,458	209,384,587	2.89	2.52
QUEEN ANNE'S	5,275,849	407,734	8,873,772	2.18	2.15
ST. MARY'S	9,180,346	653,473	15,808,288	2.42	2.27
SOMERSET	1,780,657	150,113	3,007,012	2.00	1.69
TALBOT	6,205,973	542,536	8,311,064	1.53	1.52
WASHINGTON	16,280,479	990,861	28,415,520	2.87	2.52
WICOMICO	9,903,919	619,084	16,325,073	2.64	2.10
WORCESTER	4,921,100	1,114,266	14,235,306	1.28	1.16
TOTAL STATE	$888,765,201	$52,822,300	$1,434,686,307	$2.72	$2.41

[1] Excludes municipal share of residents' state income tax liability. Local income tax rates of Calvert (20%), Queen Anne's (45%), Talbot (35%), and Worcester (20%) have been adjusted to 50%.

[2] Includes real property, actual semi-annual real property, operating property of railroads and public utility operating improvements to land.

SOURCE: Comptroller's Office, Department of Education, Department of Assessments and Taxation
PREPARED BY: Department of Fiscal Services, August 1987